

CITY OF FARMERS BRANCH, TEXAS 2006-07 ADOPTED FISCAL YEAR BUDGET

City Council

Bob Phelps
Ben Robinson
Tim O'Hare
Charlie Bird
Jim Smith
Bill Moses

Mayor
Mayor Pro Tem, Place 5
Deputy Mayor Pro Tem, Place 2
Place 1
Place 3
Place 4

City Manager

Linda D. Groomer

Prepared by

Finance Department
Charles S. Cox, Director

**CITY OF FARMERS BRANCH, TEXAS
LIST OF PRINCIPAL OFFICIALS**

City Council

Bob Phelps	Mayor
Ben Robinson	Mayor Pro Tem, Place 5
Tim O'Hare	Deputy Mayor Pro Tem, Place 2
Charlie Bird	Place 1
Jim Smith	Place 3
Bill Moses	Place 4

Appointed Officials

Linda D. Groomer	City Manager
Danita Barber	Library Director
Tom Bryson	Communications Director
Charles S. Cox	Finance Director
Brian Dickerson	Human Resources Director
Sid Fuller	Police Chief
Jeff Fuller	Parks & Recreation Director
Kyle D. King	Fire Chief
Don Moore	Equipment Services Director
Jerry Murawski	City Engineer
Norma Nichols	Economic Development Director
Mark Pavageaux	Public Works Director
Cindee Peters	City Secretary
Michael Perry	Information Services Director
Michael Spicer	Community Services Director
Mary Jane Stevenson	Assistant City Manager
Greg Vick	Assistant City Manager

CITY OF FARMERS BRANCH, TEXAS
2006-07 ADOPTED FISCAL YEAR BUDGET

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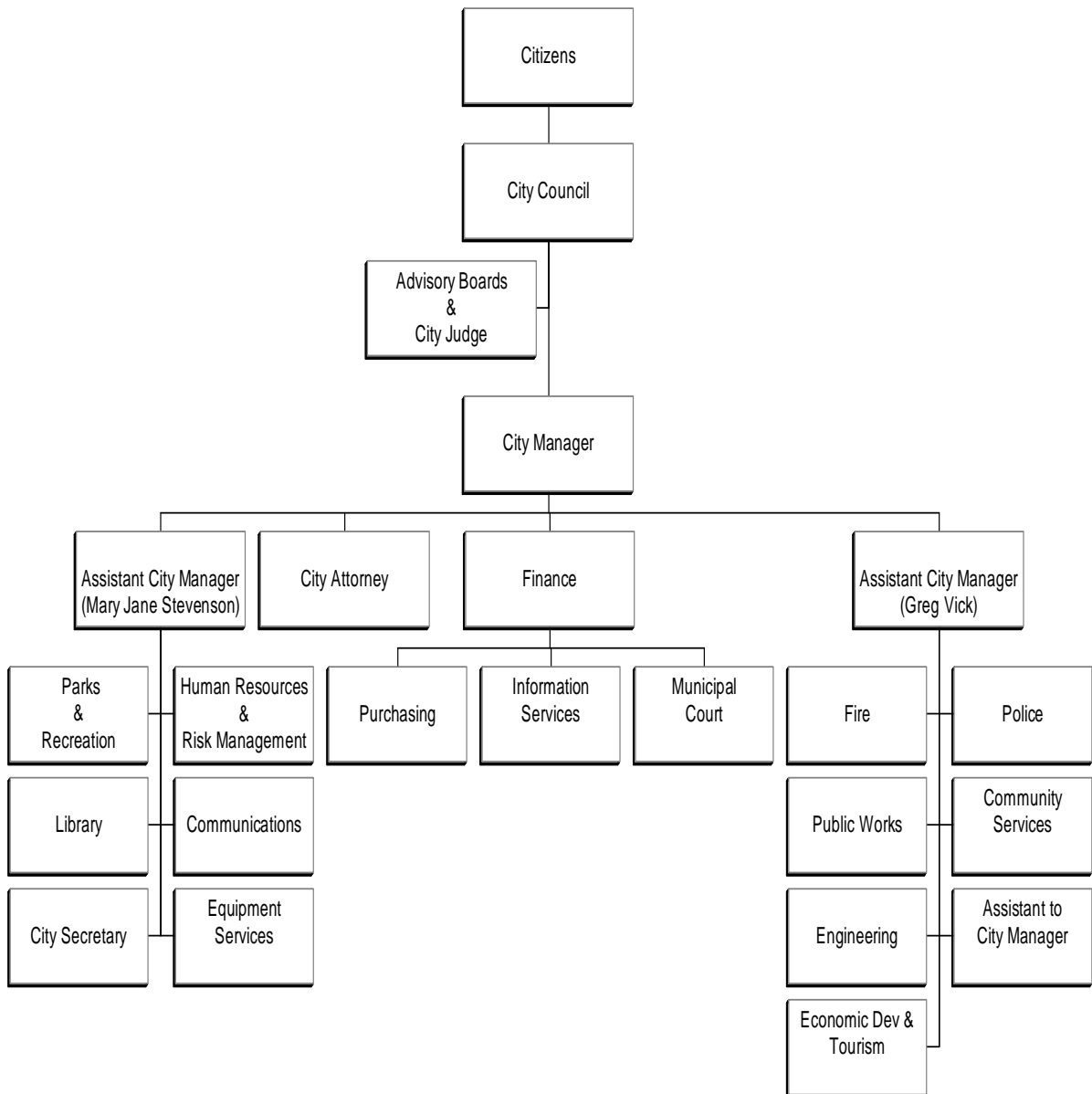
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City of Farmers Branch





September 18, 2006

The Honorable Mayor Bob Phelps and
Members of the City Council

Pursuant to the provisions of the City Charter, the Operating and Capital Improvement Budget as adopted for the 2006-07 fiscal year beginning October 1st is contained herein. The focus of this executive summary is on the two primary funds of the City – the General Fund and the Water & Sewer Fund. The adopted General Fund budget is presented as a balanced budget.

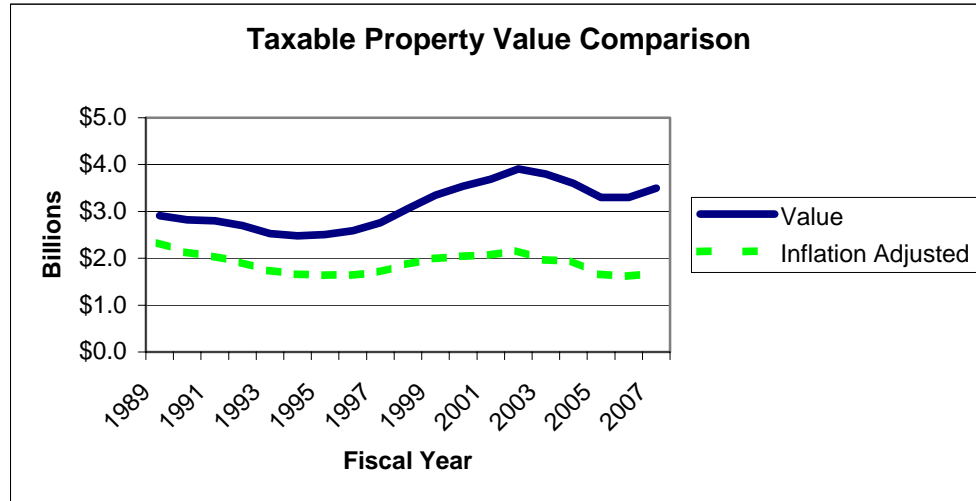
After an extended economic downturn, adopted General Fund revenues (excluding photographic red light enforcement) have returned to 2001-02 adopted budget levels. This fact alone emphasizes the challenge that the City has faced over the past five years. Significant cost reductions were implemented during this time in order to adjust to the reduced revenues of approximately \$5 million during the lowest point of the downturn. Services have been maintained to residents by a rise in property taxes twice over the past three years to maintain the effective tax rate necessary to produce the same amount of property tax revenues as received in the prior fiscal year, the elimination of 37 full-time positions, employees sharing a greater portion of health insurance cost increases along with redesign of the health insurance benefits, and a planned use of fund balance. These reductions were made along with the elimination of General Fund pay-as-you-go funding of capital improvement projects, outsourcing of services, and a consistent drive to cut costs wherever and whenever possible.

The City's ability to develop budgets over the past five years with minimal negative impact on services is founded on the basis of planning over the past decade. These planning efforts contributed to the philosophy of developing budgets that continue to maintain services while directing growth to reinvesting in the City's capital and human resources.

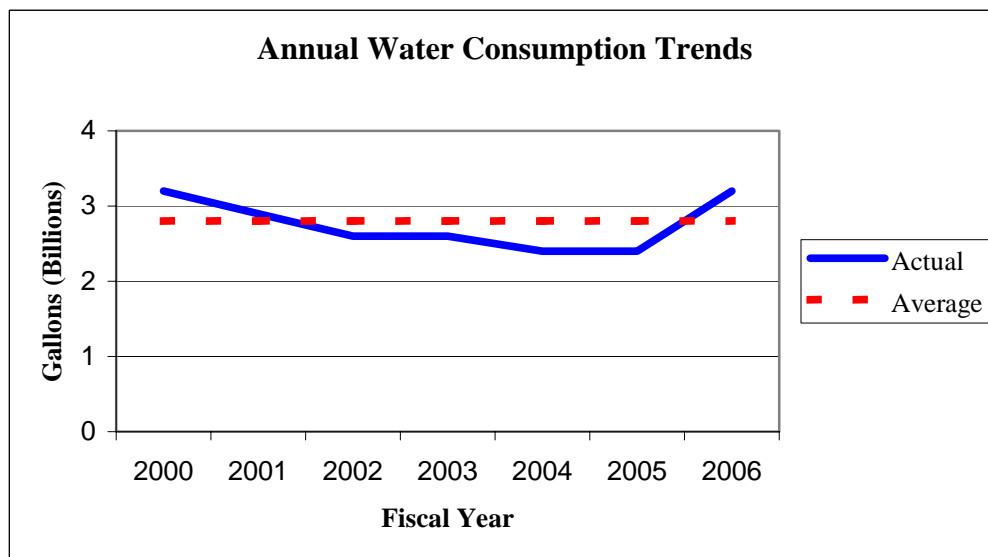
Assumptions

Revenues and expenditures were developed on the basis of certain economic assumptions. As has been clearly exhibited over the last five years, assumptions are, at best, an estimate and conditions can change significantly. Nevertheless, some assumptions must be used in developing a budget. Revenue growth was realized in 2005-06 and is projected to continue at a moderate pace in 2006-07. In past years, the City has had the fortune of a strong tax base and fund balances. This has allowed the City

to continue providing services in spite of declines primarily in the commercial tax base. The commercial tax base, including real and business personal property, is increasing and now represents a strong 77% of the City's total tax base (down from its peak of 86% in 2001, but slightly up from 76% in 2005). However, the City's overall property tax base decreased 4% in 2002-03, 5.4% in 2003-04, and 6.1% in 2004-05. In 2005-06, values increased by 4.6% and 7.5% in 2006-07 representing a noteworthy turnaround.



Sales tax and building permit revenues are also anticipated to increase. Water consumption increased 24% during 2005-06 due to prevailing drought conditions. Sales of 3.2 billion gallons occurred during the year. The 2006-07 adopted budget assumes a return to average annual sales of 2.8 billion gallons – a 12.5% decline. Due to the resulting strong financial position of the Water & Sewer Fund, the adopted budget recommends an 8% decrease in water rates for the first 10,000 gallons of consumption. It is anticipated that this decrease will also encourage water conservation during the current drought conditions.



City Council Goals

In July 2006, staff met with City Council to identify priorities, strategies and seek direction in preparing future budgets as the City approaches the year 2015. The priorities include:

- 1) Financial Strength
- 2) Favorable Business Climate (Corporate Magnet)
- 3) Quality City Services, Facilities, and Infrastructure
- 4) DART Rail Station
- 5) Strategic Reinvestment
- 6) High Quality Retail and Restaurants
- 7) Professional Leadership and Staff
- 8) Improved Quality of Education and Educational Partnerships

Together City Council and staff will continue to further refine, develop, and implement these goals. The adopted budget provides an opportunity to address many of these priorities. The process has begun with this adopted budget, as many of the departmental goals and programs reflect the goals identified by City Council.

These long-term priorities will also be used as a guide in the formulation of future budgets. This budget attempts to allocate the City's financial resources to both services and essential investment in facilities and public improvements. The spending plan, consistent with available resources, is designed to maintain quality facilities and services that improve the quality of life in Farmers Branch.

Projected Revenues

The 2006-07 adopted Operating and Capital Improvement Program Budget details General Fund revenues of \$2.1 million more than the 2005-06 year-end amended budget. The adopted budget maintains the property tax rate of 49.45¢. No increase in the property tax rate is proposed. Reflective of the turnaround in the economy, overall property values in the adopted budget increased 7.5%. In 2006-07, sales tax revenues are projected to grow 4.5% from the 2005-06 anticipated year-end results. Building permit, electric franchise fee, and interest revenues are all expected to rise in line with the improvement in the economy. Moderate recreation fee increases are included in the adopted budget for after school, summer, and holiday programs, as approved by Council in 2005. Residents of the neighboring Town of Addison use the Manske Library for a fee paid by the Town on a per cardholder basis. An increase in this fee is adopted to better reflect the actual cost of providing library services.

New revenues totaling \$1.1 million for photographic red-light enforcement have been added in the adopted budget. This new program, authorized by City Council in the 2005-06 fiscal year, provides civil penalties for vehicles that fail to stop at red lights. The City has contracted with a vendor to administer the program. Costs of administration and enforcement for the program are expected to offset these revenues. New expenditures also totaling \$1.1 million have therefore been budgeted in the Non-Departmental budget.

The City established a multi-year plan in 1993-94 to make the Water & Sewer Fund self-sufficient, which at the time was dependent upon General Fund subsidies. This goal was achieved in the past through rate structure redesign and rate increases. Future rate increases were planned primarily to cover increased costs to the City. The most significant of these costs include the cost to the City for purchased water, wastewater treatment services, personnel costs, and electricity. Subsequent to the rate increase to Farmers Branch customers in October 2005, costs increased \$301,200. However, higher than planned consumption during the year due to continuing drought conditions has resulted in improved revenues that enables a proposal, adopted in this budget, to absorb the cost increases being passed through from Dallas Water Utilities. In addition, the adopted budget includes a water rate *decrease* of 8% for the first 10,000 gallons of monthly water consumption for all customers. This decrease will result in an approximate monthly savings of \$2.00 per month, or approximately 30% of the 2005-06 rate increase for the first 10,000 gallon rate tier. Rates for water consumption above 10,000 gallons will remain unchanged. The City anticipates that an added benefit to the design of this rate decrease will be the effect of encouraging customers to conserve water by managing consumption to stay within this tier.

Adopted Expenditures

The 2006-07 adopted Operating and Capital Improvement Program Budget details General Fund operating expenditures \$3.8 million more than the 2005-06 year-end amended budget. As noted earlier, \$1.1 million of this increase is designated for photographic red-light enforcement. Cities are service organizations, as reflected in personnel-related costs representing 73% of this total budget. Increased costs associated with providing for a 3 percent across-the-board pay increase, a 3% merit increase, and health insurance total \$1.1 million. Increased fixed asset funding of \$484,300 was needed to provide for the replacement of vehicles deferred in prior years. Police personnel costs increased by \$341,000 primarily due to providing full-year funding for officers and market-based pay structure adjustments; the 2004-05 amended budget for the patrol division was reduced at mid-year as a result of difficulties filling a number of vacant positions in the current fiscal year. Pay-as-you-go funding for street maintenance was reinstated with operating transfers of \$175,000, and market-based pay structure adjustments for fire employees added \$148,400. The market-based pay structure adjustment plan for Police and Fire was presented to the City Council in May 2006.

Fund Balances

This budget meets all the multi-year financial objectives and tenets approved by the City Council (outlined in the Budget Overview).

During the 2005-06 fiscal year, the City Council expressed a desire to accelerate construction of Fire Station No. 3 to start in fiscal year 2006-07 rather than in fiscal year 2007-08 as originally targeted. A reduction in General Fund fund balance from 90 days (25% of annual operating expenditures) to 75 days (20% of annual operating expenditures) was conceptually approved in order to provide for this construction. The 75-day fund balance target has been incorporated in the adopted budget.

The adopted 2006-07 budget estimates that the General Fund balance will be \$7.9 million at the end of the 2006-07 fiscal year with a most realistic scenario of \$8.5 million. One of the City's multi-year financial objectives is to "formulate future budgets so that no use of fund balance will be required in the final operating results". The estimated final operating results are detailed as an exhibit to the budget, which illustrates the "most realistic scenario". For the General Fund, this difference represents the expectation that expenditures in 2005-06 and 2006-07 will end up \$300,000 less than budgeted, in each fiscal year, due to vacancies or contingency items that were not needed. The City defines a balanced budget as an operating budget adopted whereby revenues equal or exceed expenditures and no use of fund balance is required. The 2006-07 adopted General Fund budget shows a "most realistic scenario" addition to fund balance of \$900 and is therefore considered a balanced budget. The adjusted 75-day General Fund target fund balance is \$8.2 million.

The Water & Sewer Fund target fund balance is \$2 million. The adopted 2006-07 budget estimates that the Water & Sewer Fund balance will be \$1.89 million at the end of the 2006-07 fiscal year with a most realistic scenario of \$2 million. The 2006-07 adopted Water & Sewer Fund budget shows a "most realistic scenario" use of fund balance totaling \$518,400, recognizing a transfer to the Non-Bond Utility CIP Fund. Therefore, the Water & Sewer Fund budget is not considered a balanced budget. Higher than planned water sales during 2005-06 have provided fund balances, above target levels, which can be used to offset cost increases.

The adopted budget recommends non-operating one-time transfers of fund balance for specific purposes. In the General Fund, \$4.3 million is recommended for transfer from fund balance to the Non-Bond CIP Fund. These funds would be used to provide \$3.3 million in funding for Fire Station No. 3 and \$1 million in funding for street maintenance. The additional \$1 million in funding for street maintenance was derived from a one-time addition in 2005-06 to fund balance caused by a change in accounting methodology and payment timing for electric franchise payments. In the Water & Sewer Fund, \$1 million is recommended for transfer from fund balance to the Non-Bond Utility CIP Fund to provide additional funding for Senlac Service Center capital improvements. In the Hotel/Motel Fund, \$1 million is recommended for transfer from fund balance to the Debt Service Fund to be used to payoff Certificates of Obligation Series 2004A early. These Certificates were used to finance construction of the Dr Pepper Star/Conference Center.

Investment in Services, Facilities & People

Many of the City's resources are devoted to services designed uniquely for Farmers Branch, ranging from free garbage sacks and garbage collection to the Police Department house watch program to hometown celebrations, fireworks and holiday events. The City is dedicated to providing these services and many others in an effective, efficient, and courteous manner. Recent focus group meetings and surveys indicate that the City is on target in delivering outstanding quality services with special satisfaction expressed with the City's police and fire services, park facilities, easy access to City Council and staff, and customer service delivery in all areas.

Recognizing that providing quality services is only possible by being able to recruit and retain highly qualified, innovative and dedicated employees, as stated above, in this year's long-range planning workshop City Council identified as a goal professional leadership and staff. Employee pay and benefits provided by Metroplex cities continues to increase competition for employees, in particular public safety employees. The adopted budget includes a 3% across-the-board pay increase for all full-time and part-time employees and 3% for the City's merit-based pay plan. This will mark only the second year out of the past four, that the City has been able to fund this plan.

The position of Landfill Administrator has been reinstated in the 2006-07 budget to address landfill operational, regulatory, and expansion issues. A vacant superintendent position has been reclassified from Water & Sewer Operations to Water & Sewer Administration. The vacant position of Signal Technician Assistant in Traffic Engineering has been eliminated in this budget. Two full-time code enforcement positions have been added in Building Inspections. No other new full-time personnel position changes are adopted for 2006-07.

Capital Improvement Program

The Non-Bond CIP Fund details major capital spending plans during the next seven years along with pay-as-you-go funding for major new facilities and public improvements. In August 2007 the City's annual General Fund debt service requirements will drop from an average of \$3.3 million to approximately \$400,000.

Since the City Council adopted a pay-as-you-go approach to capital funding, more than \$50.4 million has been directed from the General Fund towards capital projects saving taxpayers more than \$26.5 million in interest payments or an equivalent of 3.8¢ on the tax rate each year. More than \$13 million has been directed from the Water & Sewer Fund towards capital projects saving taxpayers more than \$7.1 million in interest payments. This program has been successful in providing new and improved facilities to the citizens of Farmers Branch in one of the most cost effective manners possible. The new Senior Center, Justice Center, Recreation Center, and Water Storage Tower are prime examples of projects constructed with pay-as-you-go funding.

However, the pay-as-you-go program for capital improvement projects and fixed assets was developed at a time when revenues were exceeding operating costs under the philosophy that revenue growth would be used to fund capital expenditures. Due to the past economic downturn, revenue growth has been non-existent. Significant decreases (a reduction from \$2.3 million to \$0 per year in the 2005-06 budget in General Fund funding of the CIP program) and decreased funding for fixed assets resulted in a postponement of new building and other capital projects that potentially impact services to citizens. The \$3 million reduction in debt service beginning in 2007-08 will restore some pay-as-you-go funding for capital street improvements; however, it should be recognized that those funds will also be needed for increased operational costs – primarily for the new fire station. The adopted 2006-07 budget increases funding to replace fixed assets previously deferred. Street maintenance funding has also been increased.

During the 2005-06 fiscal year, the City Council and staff conducted an indepth review of the City's future capital needs. This needs assessment resulted in the adoption of a strategy to consider the issue of short-term (5-year) certificates of obligation totaling approximately \$7.7 million in September 2007. The City Council has begun the process of prioritizing which projects to include in the first phase of this program. The use of short-term financing instruments supplements the City's pay-as-you-go plan and contains many of the same elements of that plan including flexibility and interest savings. This will allow the City Council to continue to assess and reassess the City's financial position along with the City's needs and adjust the financing plan accordingly in future years.

Projects adopted in the multi-year Capital Improvement Program (CIP) Budget and Fixed Asset Fund, include:

- Fire Station No. 3
- Station No. 3 Fire Engine
- Dennis Lane Median Improvements at Pepper Park
- Pedestrian Bridge Replacement (Valley View @ Templeton)
- Light Rail Station Area Development
- Widening of Valley View West (DART Local Assistance Program funds)
- Construction of Mercer Parkway (TIF* funds)
- Developer Funded TIF Projects
- Reconstruction of Senlac Drive
- Utility Improvements throughout the City (Security improvements, water tank painting, and SCADA** system upgrade)

* Tax Increment Finance District Fund

** Supervisory Control and Data Acquisition for the water system

The seven-year adopted Non-Bond CIP Fund provides a strategy to meet annual street maintenance needs. As presented previously to Council, a target average annual funding level of \$1.7 million for street resurfacing is necessary in order to maintain the City's expanded street inventory. The \$4.3 million fund balance transfer from the General Fund includes \$1 million for street maintenance. This funding combined with the resumption of ongoing General Fund transfers for street maintenance provides a strategy to achieve necessary street resurfacing funding levels. Ongoing General Fund transfers for this purpose will accelerate significantly beginning in 2009-10 once large tax abatements on the City's east side expire.

The City's traditionally strong tax base, solid financial management, low debt levels, and strong planning efforts have earned a general obligation bond rating of Aa3 and AA by Moody's Investor Service, Inc. and Standard & Poor's, respectively. These ratings are among the highest achievable and the City of Farmers Branch is one of a select group of cities in Texas to hold these rating levels.

Structural Balance – A Challenge for the Future

Fire Station No. 3 was adopted several years ago to respond to growth anticipated on the west side of the City. The 2006-07 adopted budget accelerates the construction timetable

for this station from fiscal year 2007-08 to 2006-07. Staffing of the station will have a major impact on the operations of the City as additional annual operating costs are expected to exceed \$1 million when the station opens. Staff has reviewed long-term capital and fixed asset funding in order to appropriately plan for this cost increase. Debt service reductions in 2007-08 are anticipated to provide operational funding for this new station provided the tax rate and property values remain stable.

As Farmers Branch looks to the future, the City faces other challenges with significant impacts over the next few years. These long-term challenges include:

1. Adequately funding major capital improvements.
2. Supporting legislation that maintains current property tax, appraised value, and sales taxation methodologies.
3. Fuel and electricity cost increases.
4. Water Supply Contract Expiration.
5. Landfill expansion negotiations.

As the City plans for the future, properly managed growth and development are directly related to increased property values and thus property taxes. The Public Improvement District (PID) program, without which development on the east side could not have occurred, provided tax abatement incentives for development. Development initiated in this district will add more than \$1.4 million in property tax revenues to the General Fund once the ten-year incentives begin to expire. These incentives began to expire in fiscal year 2003-04 at which time \$400,000 was added to property tax revenues. This amount will continue to increase each year until 2009 when \$1.4 million dollars in tax revenue will be added. Similar long-term improvements to the City's tax base should come from the Tax Increment Finance (TIF) district formed in the light rail station area and on the City's west side.

One of the highest priorities expressed by City Council and the residents of Farmers Branch is the redevelopment and revitalization of the central area of the City, geographically defined as being bordered by IH-35E on the west and Midwday Road on the east. In April 2006, the City Council outlined six priorities associated with redevelopment, including: 1) appointing a special task force; 2) redefining the charge of the Community Watch Committee to include code enforcement and other neighborhood revitalization efforts; 3) meeting with marketing companies regarding branding and image initiatives; 4) holding meetings with realtors and developers to discuss redevelopment initiatives; 5) implementing new code enforcement initiatives; and 6) addressing issues related to the Four Corners retail area, located at the corner of Josey Lane and Valley View Lane.

In June 2006, City Council appointed the Branch Revitalization Task Force and charged the members with the following objectives:

1. to examine redevelopment opportunities for residential and commercial properties located with the central area of the City, including but not limited to infill housing and retail revitalization;
2. to assess the City's image and possible marketing strategies;

3. to assess barriers to development and make recommendations for removing those barriers;
4. to make recommendations to the City Council on prioritization of redevelopment projects, locations and City participation;
5. to make recommendations on financing options, action plans, and possible incentives;
6. to make other recommendations as the task force may deem appropriate;
7. to provide an interim and a final report to the City Council on the work of the task force and the recommended action plans.

Both the Branch Revitalization Task Force and the Community Watch Committee began work in June 2006. This budget is positioned to support the redevelopment priorities of the City Council, the Branch Revitalization Task Force, and the Community Watch Committee. In the 2006-07 budget, the City Council adopted a strategy to provide \$1 million in funding for redevelopment and revitalization programs. Under this strategy, greater than anticipated water revenues of \$1 are available as a source for internally borrowed funding.

Mission, Values and Benchmarking

City departments have developed mission statements to guide the direction of their departments and upon which to base their objectives and measure their progress. Over the past two years, the City continued a dialogue and a series of focus group meetings with department heads, employees, residents, and businesses, to identify a set of common core organizational values to serve as the compass for measuring the City's activities and priorities, especially in times of economic challenges. Internally, those values were summarized as: Respect, Integrity, Service, Excellence, and Results. These values will serve as the core for establishing a newly articulated organizational mission statement that reflects the City's commitment to "Exceeding Expectations". City Council and staff will further refine the mission as we continue to adjust the goals and objectives for our future.

Recognition

"Exceeding Expectations" is the Farmers Branch trademark in providing service to residents and businesses. The City of Farmers Branch continues to excel in service delivery, recognized recently at the local, state and national levels. Community Services has received recognition for best practices in building inspection and code enforcement by the Building Officials Association of Texas and the North Central Texas Council of Governments. Planning was recognized with the 2005 Texas Community of the Year Award. Communications received awards in public affairs and videotext bulletin board categories. Finance received a Distinguished Budget Presentation Award as well as Certificate of Excellence for Financial Reporting. Economic Development received the prestigious CoreNet Global Economic Development and Accomplishment Award for "Leadership and Innovation". Equipment Services was recognized with the ASE Blue Seal of Excellence from the National Institute of Automotive Service Excellence. The Parks Department was recognized for having some of the best baseball and softball fields both nationally and within the state. In addition to staff recognition, elected officials, board and commission members, and volunteers alike were also noted award recipients.

Summary

The following "Budget Overview" provides a financial summary of the budget. Included in the budget are narratives outlining programs, departmental objectives, achievements, and budget highlights. Changes in the transfers expenditure category are not itemized at the departmental narrative level as these expenditures are more fully detailed in the Fixed Asset and CIP Fund sections of the budget. The budget is also available for review on the City's website at www.farmersbranch.info.

The challenges and opportunities of the coming year will be many as we embark upon a new era of change and anticipation. The City stands ready to face these challenges with the leadership and direction of the Mayor and City Council, and with staff committed to providing the highest quality of service to the residents of Farmers Branch now and in the future.

Sincerely,

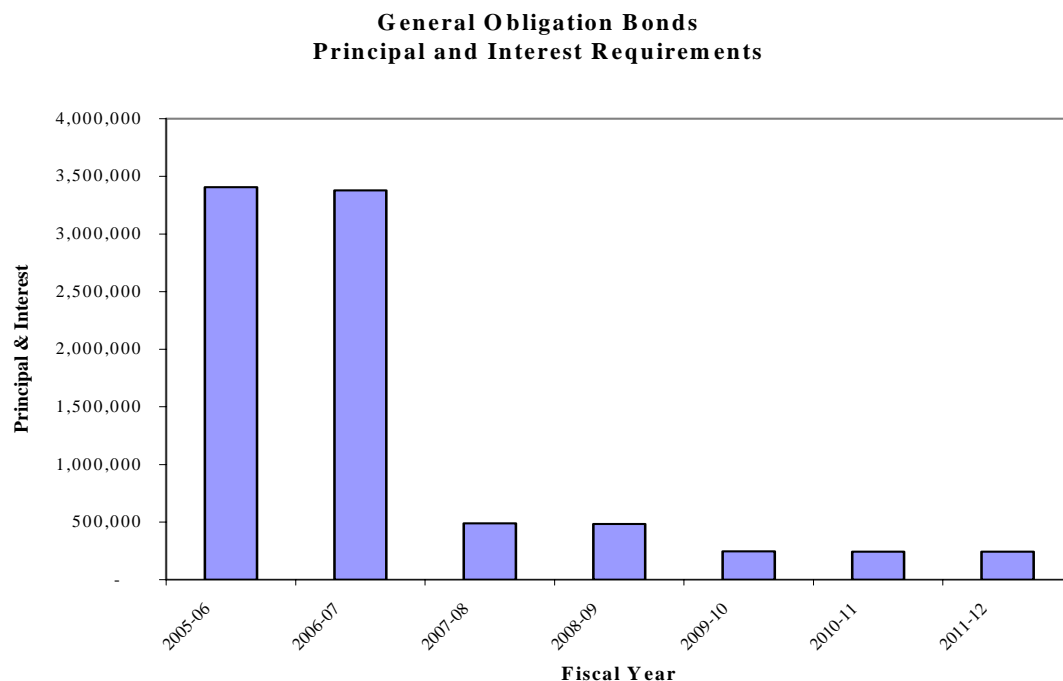
A handwritten signature in black ink, appearing to read "Linda Groomer". The signature is fluid and cursive, with the first name "Linda" being more prominent than the last name "Groomer".

Linda Groomer
City Manager

BUDGET OVERVIEW

For the two primary operating funds of the City, the adopted 2006-07 budget contains \$42.5 million in expenditures for the General Fund and \$13.8 million for the Water & Sewer Fund. The adopted General Fund budget is presented as a balanced budget. Adopted Capital Improvement Fund expenditures total \$16.9 million in 2006-07.

Debt service expenditures (as a percentage of total General Fund expenditures) are at 8.4%-down substantially from the near 25% levels of the late 1980's. Since the City established a pay-as-you-go goal in fiscal year 1995-96, the City's total general obligation debt has decreased from \$45.3 million to \$4.7 million at the end of fiscal year 2005-06. This included a \$3.2 million reduction in 2005-06. Debt service will decrease by almost \$3 million per year beginning in the 2007-08 budget year.



From a financial standpoint, development is directly related to increased property values and, thus, property taxes. It should be noted however, that much of the growth on the east side of the City is in areas subject to tax abatement. The Public Improvement District (PID) program, without which development on the east side would not have occurred, provided tax abatement incentives for development. The PID tax abatement incentives began to expire in 2003-04 with \$90 million in property values returning to the tax roll worth approximately \$400,000 in tax revenues that year. Development initiated by this district will add more than \$1.4 million annually in property tax revenues to the General Fund once all the incentives expire in 2008. It should also be noted that the City's two Tax Increment Finance (TIF) districts, which encompass parts of the DART light rail station area and west side areas of the City, provide a tax financing mechanism to provide for constructing major new public infrastructure necessary for development. While development adds to the City's economic vitality, generates business personal property tax (not applicable to residential development), and is an indicator of long-term tax base growth, the abatement and TIF programs temper the immediate property tax revenue impact.

Assessing Community Needs

The residents of Farmers Branch played an important role in developing this budget. Beginning in March, one community meeting and two “State-of-the-City” business meetings were held to assess community needs, priorities, and challenges. In addition, resident and business focus group sessions were conducted, with more than 75 persons participating. Information from these formal meetings, and informal discussions held with residents and businesses during the year have been considered in formulating this budget.

City Council Tenets

The budget planning process embraces the following tenets that have made the City financially strong:

- the budget *provides that, in the final operating results, current revenues are sufficient to support current expenditures;*
- the budget *maintains the City’s strong General Fund reserves at a newly revised level (75 days of operating expenditures reserve goal);*
- the budget *provides adequate contingency reserves;*
- the budget *provides sufficient maintenance, replacement and enhancement dollars to ensure capital facilities and equipment are properly maintained and enhanced;*
- the budget *requires no increase in the total property tax rate;*
- the budget *maintains and enhances service levels to the residents of Farmers Branch;*
- the budget *provides that user charges are reviewed periodically in order to adopt pricing levels consistent with the City’s user fee policy;*
- the budget *maintains a competitive compensation and benefits package for the City’s workforce;*
- the budget *provides funding to assist in the redevelopment of the City’s residential areas;*
- the budget *provides continued funding for a pay-as-you-go capital financing plan;*
- the budget *does not require the sale of General Obligation bonds;* the adopted budget includes the adoption of a strategy to consider the use of short-term debt in order to supplement the City’s pay-as-you-go plan.
- the budget *maintains a self-sufficient Water & Sewer Fund; and,*
- the budget *provides for a capital replacement plan in the Water & Sewer Fund.*

MULTI-YEAR PLAN

The budget process is part of a multi-year plan and includes multi-year financial objectives. The following is an outline of these objectives and their status in the adopted budget. The objectives have been categorized between General Governmental and Water & Sewer Funds. All objectives have been achieved in the preparation of this budget.

General Governmental

- *Objective One* is to formulate future budgets so that no use of fund balance will be required in the final operating results. *This objective has been achieved.*
- *Objective Two* is to provide sufficient funds to maintain the City’s streets in terms of pavement structure, rideability and appearance in accordance with the following schedule.

Reconstruction	1 lane-mile
Resurfacing	18 lane-miles
Repair	3,250 square yards
Seal	25 lane-miles

This adopted budget provides a strategy to increase the resurfacing goal from 11 to 18 lane-miles a year through gradually increased funding over a four-year period.

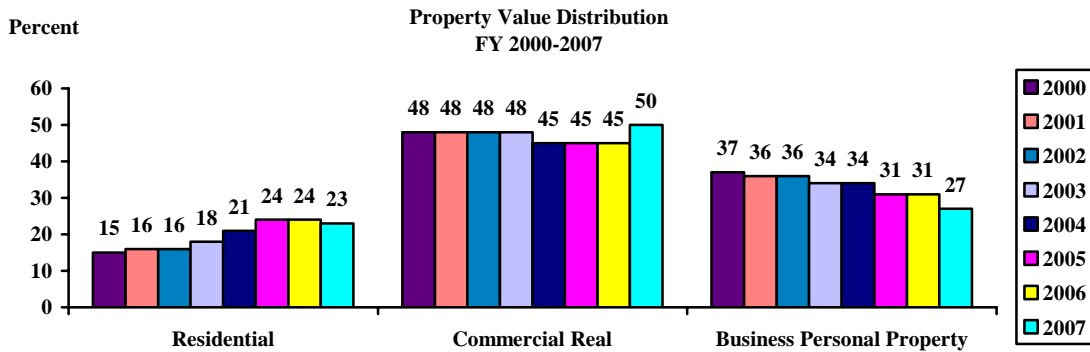
- *Objective Three* is to provide, from operating revenues, funding for new major capital improvement projects consistent with the future capital projects plan. *This budget is consistent with the plan. The adopted budget includes the adoption of a strategy to consider the use of short-term debt in order to supplement the City's pay-as-you-go plan.*
- *Objective Four* is to follow a pay-as-you-go capital financing strategy. *This strategy has been successfully implemented and is expected to be supplemented with the issuance of \$7.7 million in short-term certificates of obligation.*

Water & Sewer

- *Objective One* is to maintain a self-sufficient Water & Sewer Fund so as to avoid General Fund subsidies. *This objective has been achieved.*
- *Objective Two* is to provide, from Water & Sewer Fund operating revenues, funding for new capital projects consistent with a long-range capital projects plan. *This objective has been achieved.*
- *Objective Three* is to provide for reinvestment in the existing water and sewer system with current operating revenues. The target level of funding is equal to the annual depreciation in the Water & Sewer Fund. *This objective has been achieved.*
- *Objective Four* is to provide for water and sewer rate increases when necessary to cover cost increases to the City. *This objective has been achieved.*

Adopted Budget

The 2006-07 adopted budget provides for continued reinvestment in capital improvements, fixed assets, and development/redevelopment efforts. Reflective of a moderate economic turnaround, overall property values in the adopted budget increased 7.5%. A 14.9% increase occurred in commercial real property and a 3.0% increase occurred in business personal property. Residential real estate property values increased by 1.3%, with 14% of residential properties reappraised in 2006. Taxable residential property values represent 23% of total taxable property values in 2006-07. As illustrated on the following graph, commercial real property values dominate total property values in the City, representing 77% of the total tax base. This is an increase over the 2005 level of 76%, although not yet returned to the 2001 peak of 86%. Business personal property values have dropped as a percentage of total values primarily due to the adoption of the triple freeport tax exemption.



Elastic revenues, such as sales taxes and landfill royalty fees, comprise 34% of 2006-07 General Fund revenues. Elastic revenues in the four most immediate prior years have ranged between 35% and 42%. This is indicative of shrinking elastic revenues in years of economic decline.

MAJOR FUND FINANCIAL SUMMARIES

GENERAL FUND

In the 2006-07 adopted budget, General Fund revenues are budgeted at \$42,222,000 and expenditures at \$42,521,100. As of September 30, 2006, the budgeted unallocated fund balance is expected to be \$12,476,007 (most realistic projection will be \$12,776,007). The adopted 2006-07 budget identifies a decrease in fund balance of \$4,599,100, which includes a planned one-time transfer to the Non-Bond CIP Fund of \$4,300,000 for Fire Station No. 3 and the street maintenance program. As adopted, the fund balance at the end of the 2006-07 fiscal year will be approximately \$7.9 million (most realistic projection will be \$8.5 million). The 2006-07 fund balance target (75-days operating expenditures) is \$8.2 million. This projection meets the adopted revised policy to maintain an unallocated fund balance at least equal to 75-days operating expenditures.

FIXED ASSETS

Appropriate transfers are made to this fund from operating budgets to finance fixed asset replacement. The goal is to provide an internal financing mechanism to finance the replacement of equipment at the operationally optimum time. The timing of fixed asset purchases may coincide with the fiscal year in which transfers are made from the operating departments. However, expensive or infrequent purchases may be paid for over several fiscal years thereby avoiding a peak in the department's budget for fixed assets. These "installment" payments become a designated part of the Fixed Asset Fund fund balance until the purchase actually occurs. Significant new fixed asset purchases in 2006-07 include: \$720,000 to order a fire engine for delivery in 2008 for new Fire Station No. 3; \$125,000 for five replacement vehicles for the Police Department; \$37,000 for replacement and update of TV cameras in the Council Chambers; and \$86,000 for a new Senior Center bus. The projected undesignated balance at the end of the 2006-07 budget year is \$276,137. An undesignated fund balance level between \$300,000 and \$500,000 is targeted under the City's current financing program.

WATER & SEWER FUND

In the 2006-07 adopted budget, Water & Sewer Fund revenues are budgeted at \$13,183,400 and expenditures are at \$13,776,800. As of September 30, 2006, the working capital balance is estimated to be \$4,480,678. The current working capital balance target is \$2 million. The 2006-07 adopted budget will decrease the estimated balance by \$2,593,400 (including a one-time \$1 million transfer to the Non-Bond Utility CIP Fund and \$1 million to be provided as a loan for redevelopment and revitalization programs in the General Fund) to \$1,887,278 (most realistic projection will be \$2,037,278).

HOTEL/MOTEL FUND

In the 2006-2007 adopted budget, Hotel/Motel Fund revenues are budgeted at \$2,361,800 and expenditures are at \$2,323,300. As of September 30, 2006, the estimated unreserved fund balance is expected to be \$1,647,101. The 2006-2007 adopted operating budget, as presented, would decrease fund balance by \$961,500 (including a one-time \$1 million transfer to the Debt Service Fund for early bond payoff) to \$685,601. The target fund balance level is between \$500,000 and \$550,000.

The Hotel/Motel Fund is primarily comprised of restricted revenues received from an occupancy tax. These funds may only be used for purposes specifically identified in State law. The City provides a wide range of legally authorized programs. These programs are designed, over the long-term, to increase hotel occupancy and revenues. Staff continues to review objectives, reevaluate programs and consult with hotel management in order to insure hotels in the City are properly supported.

INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost-reimbursement basis. Vehicle maintenance and the City's self-funded Workers' Compensation Program are accounted for in this manner.

CAPITAL IMPROVEMENT FUNDS

The Capital Improvement Program (CIP) is funded primarily by transfers from the General Fund, Water & Sewer Fund, Hotel/Motel CIP Fund (previously referred to as the Historical Park CIP Fund), the sale of General Obligation and Public Improvement District Bonds, Dallas Area Rapid Transit Local Assistance Program, and interest on unused bond proceeds. The CIP section of the budget includes a description of all projects as well as additions and changes to projects.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Farmers Branch
Texas**

For the Fiscal Year Beginning

October 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Farmers Branch for its annual budget for the fiscal year beginning October 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

BUDGET CALENDAR

2006-07

March	Neighborhood & Corporate Meetings - Citizen and business input.
March 6	Mid-Year Budget amendments submitted to City Council.
April 17	Mid-Year City Council Budget Workshop to review progress on current year budget and priorities for the upcoming budget year
April 20	Fiscal Year Budget instructions distributed to departments.
May 1	Submit final Mid-Year Budget to City Council.
June 2	Fiscal Year Budget requests, departmental narratives, objectives, and progress on past objectives due to Finance.
June 9	Completed Fiscal Year Budget forms forwarded to City Manager.
June/July	Fiscal Year Budgets reviewed with City Manager, Assistant City Managers, Director of Finance, and Department Heads.
July 14	Final Fiscal Year Budget changes submitted to Finance.
July 25	Tax roll certified by Dallas Central Appraisal District.
July 28	Submit proposed Fiscal Year Budget to City Council. Proposed Fiscal Year Budget available for public review.
August 21	City Council Budget Workshop – Fiscal Year Budget.
September 18	Public hearing held on Fiscal Year Budget.
September 18	Present final Fiscal Year Budget to City Council. Year-End Budget amendments presented to City Council.
October 1	Budget effective date.

FARMERS BRANCH

The City of Farmers Branch is a political subdivision and home rule municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1946 with an election on February 23rd and first adopted its Home Rule Charter in 1956. The City operates under a Council/Manager form of government governed by an elected Mayor and a five-member council elected at large. The term of office is three years, with the terms of the Mayor and three of the Councilmembers' terms expiring in even-numbered years and the terms of two other Councilmembers expiring in odd-numbered years. The City Manager is the Chief Administrative Officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The population during the City's year of incorporation was 800. The 2000 U.S. Census population for the City is 27,508, while the estimated 2006 population is 27,850 and the estimated daytime population is 90,000 as the business community commutes to the City's many high-rise office buildings and industrial parks.

History

Farmers Branch was settled in 1842 by Thomas Keenan and his wife Sarah. The area was called Mustang, as part of Peter's Colony, but later changed to Farmers Branch due to the rich soil and flourishing crops. The settlement originally included all the land between White Rock Creek on the east, the Elm Fork of the Trinity on the west, the Dallas County line on the north, and Cedar Springs on the south.

John Keenan was the first child born in Farmers Branch, but died two months later. He is buried in the Keenan Cemetery located on Valley View Lane, part of the original Keenan land.

Farmers Branch was widely advertised both in the East and in Europe. During the years 1845-1850, it was best known of all of the Texas settlements. The settlers were, for the most part, fairly well educated.

A blacksmith shop and gristmill started in 1845 by the Reverend William Bowles, a Baptist minister. The same year Isaac Webb donated land for Webb's Chapel Methodist Church, which also served as the first school in the county. Mr. Webb also served as the first postmaster when the Farmers Branch Post Office was established in 1848.

Other early settlers include Dr. Samuel Gilbert and his wife Julia. The couple lived with Isaac Webb until their home was completed in a grove of stately Post Oak trees. The Gilbert House consists of two-foot thick limestone walls and chestnut plank floors. The Gilbert House, located in the Farmers Branch Historical Park, is the oldest rock structure in Dallas County that is still on its original foundation.

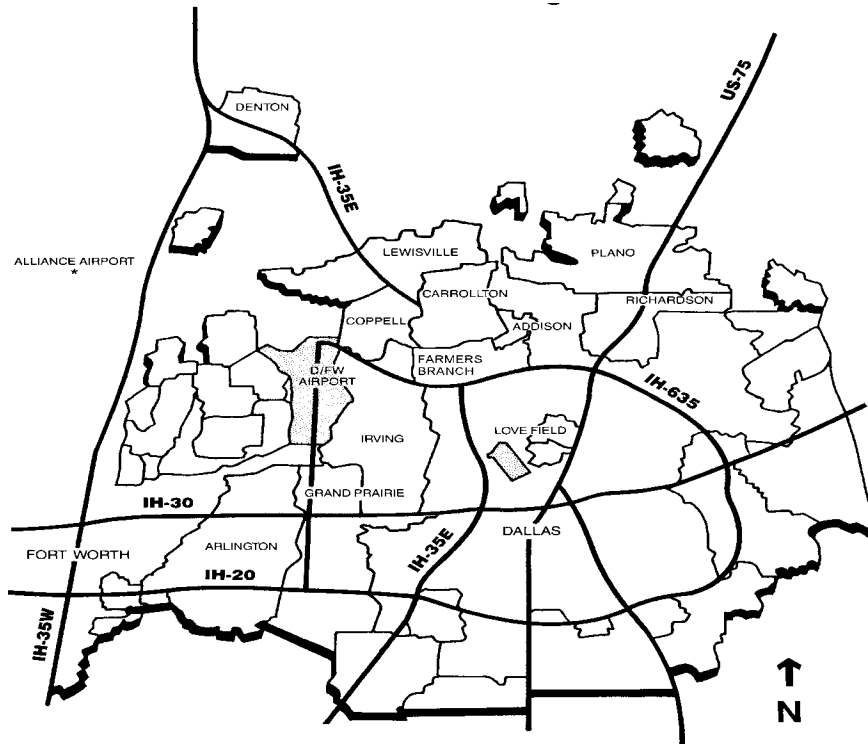
The first school was not well located and a new one was built about a mile northwest of the first on Rawhide Creek. Rawhide Creek was named from the first tanning yard in the County built by R.J. West. Due to the demand for leather, Mr. West did not allow the hides to cure in the vats long enough so that when they became dry they were extremely hard.

In 1874, to assure that railroads would come to Farmers Branch, Dr. Gilbert and other local settlers sold right-of-way through their land. Around 1877, the Dallas and Wichita Railroad built a depot. The original depot has been restored and relocated to the Farmers Branch Historical Park.

There are many interesting tales of happenings in Farmers Branch settlement, Indian raids on pumpkin patches, bears in the wilderness, and the like. The last buffalo seen east of the Elm Fork of the Trinity River was killed in early 1846 in a small glade about two miles southwest of the town now known as Farmers Branch. (This is approximately present day Royal Lane and Luna Road.)

The City

The City covers approximately 12.5 square miles and is conveniently located on Dallas' northern border, in the heart of an 11-county area that has emerged as a premier commercial, financial and trading center. This favorable business climate is driven by the City's location as it is bordered by two major interstate highways and the Dallas North Tollway. The Dallas/Fort Worth International Airport is only 10 minutes away from the City's west border and Dallas Love Field is less than 15 minutes down the freeway.



The City's broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries and includes many of the nation's foremost businesses. The City is the location of choice for 70 corporate headquarters, 22 Fortune 500 corporations, and approximately 2,600 small and mid-size firms. Some of the reasons that these enterprises chose the City as a local or regional business center include: the City's strategic Southwest location, convenience to local and worldwide transportation, low municipal tax rate, abundant labor, educational and cultural resources, and overall quality of life.

Three creeks traverse the City and there are more than 20 parks filled with picnic areas, bridges, playgrounds, walking areas and natural surroundings. Farmers Branch has preserved history in its 22-acre Historical Park which takes visitors on a "walk back through time" to the days of the early settlers in the 1800s. The Historical Park is also the site for many of the City's special events, including a Fourth of July event and Holiday Lighting Ceremony and drive-thru, and may be reserved for weddings, parties, family reunions, and other special gatherings.

Tax Base

Farmers Branch is able to provide many top-quality services to residents because more than 80% of the tax base comes from the business community. In addition, the City has raised taxes only three times in more than 30 years and continues to boast that Farmers Branch has one of the lowest municipal tax rates in the metroplex. The top ten largest property tax payers for the current tax year are as follows:

TAXPAYER	NATURE OF PROPERTY	TAXABLE VALUE	PERCENTAGE OF TOTAL CERTIFIED TAXABLE VALUE
Southwestern Bell/Cingular	Telecommunications	\$ 90,993,790	2.59%
Prentiss Properties	Real Estate Developers	84,180,030	2.40%
Providence Towers Dallas	Real Estate Developers	77,061,010	2.20%
Dallas Semiconductor	Semiconductor Manufacturing	72,256,375	2.06%
Occidental Chemical Tower Corp.	Chemical Production	63,680,980	1.82%
Quebecor Printing Inc.	Printing	51,422,550	1.47%
Daltex Centre LP	Real Estate Developers	42,177,340	1.20%
Glazers	Spirit and Wine Distribution	40,851,720	1.17%
Tuesday Morning PS Ltd	Retail	33,740,017	0.96%
Castle Dallas LLP	Real Estate Developers	30,879,130	0.88%
		<u>\$ 587,242,942</u>	<u>16.75%</u>

Special Services

Some of the special services offered in Farmers Branch include twice-weekly garbage collection with no fee, free transportation to and from the Senior Center for those who have no other means of transportation, and an after school program for elementary school children. Citizens also enjoy informational programs seven days a week on the City's Cable Access Channel 16 – FBTV, WPIW 1670 AM radio station, and receive a monthly city newsletter. The Police Department offers a free House Watch program for residents who are away from home, as well as other specialized services.

Education

Education for the school age children in Farmers Branch is provided by two different school districts dependent upon where a family resides. The City is served by the Carrollton-Farmers Branch and Dallas Independent School Districts. The majority of the City's residents are part of the Carrollton-Farmers Branch ISD, which encompasses a 53.42 square mile area and provides a quality educational system that believes in the importance of a strong community-school relationship. This belief, combined with a strong financial base, makes the Carrollton-Farmers Branch ISD a star attraction in the Dallas-Fort Worth metroplex. The District recently created the R.L. Turner High School Academies for Biomedical Professions and Media Arts & Technology to serve growing demand for these professions.

Nine major Texas universities and colleges are located within easy driving distance of Farmers Branch. They include Brookhaven Community College, the University of Dallas, Texas Woman's University, Southern Methodist University, the University of North Texas, the University of Texas at Arlington, and the University of Texas at Dallas.

Health Care

Farmers Branch is fortunate to have top-quality medical facilities like RHD Memorial Medical Center. There are numerous other major medical facilities only minutes away.

Community Services

Above are just a few of the special benefits offered in Farmers Branch. However, what makes Farmers Branch so unique is its residents. The people of Farmers Branch are concerned, involved, and proud of their community. That's what makes us, "A Cut Above the Rest!"

Census Snapshot

DEMOGRAPHICS		
	1990	2000
City Population	24,250	27,508
Area (Square Miles)	12.1	12.1
Median Age	31.1	34.7
Percent of Population by Age Group		
Residents of Ages 0 to 19	26.95%	28.52%
Residents of Ages 20 to 34	25.14%	21.99%
Residents of Ages 35 to 54	26.81%	28.01%
Residents of Ages 55 to 64	11.46%	9.33%
Residents of Ages 65 and Older	9.64%	12.13%
Total Persons of Working Age (16 years & older)	19,012	21,553
Employment by Occupations		
Mgmt., Profess. & Related Occupations	28.31%	32.30%
Service	13.80%	13.30%
Sales and Office	35.55%	29.70%
Farming and Forestry	0.89%	0.20%
Construction, Production and Maint.	10.05%	9.40%
Operators, Trans. & Material Moving	11.40%	15.20%
Population by Income Level		
Per Capita Income	\$ 17,122	\$ 24,921
Median Family Income	\$ 41,815	\$ 57,531
Population by Highest Education Level (% of Population 25 Years & Older)		
Less Than 9th Grade	8.7%	11.9%
9th to 12th Grade, No Diploma	11.8%	11.9%
High School Graduate (includes equiv.)	25.1%	21.9%
Some College, No Degree	23.7%	22.8%
Associate Degree	5.6%	4.2%
Bachelor's Degree	18.6%	19.4%
Graduate or Professional Degree	6.5%	7.8%
Population by Race & Ethnicity		
White	84.9%	78.4%
Black or African American	2.8%	2.4%
American Indian	0.7%	0.5%
Asian or Pacific Islander	2.3%	3.0%
Other	9.3%	13.0%
Persons Reporting Two or More Races	0.0%	2.7%
Hispanic or Latino (of any race)	20.2%	37.2%
Occupied Housing Units	8,771	9,766
Owner-Occupied Housing Units	6,107	6,642
Renter-Occupied Housing Units	2,664	3,124
Households by Income	8,859	9,885
Less than \$10,000	5.81%	3.70%
\$10,000 to \$14,999	5.86%	3.00%
\$15,000 to \$24,999	16.11%	8.30%
\$25,000 to \$34,999	16.13%	12.20%
\$35,000 to \$49,999	22.20%	17.00%
\$50,000 to \$74,999	20.00%	23.60%
\$75,000 to \$99,999	7.04%	12.50%
\$100,000 to \$149,999	4.55%	11.90%
\$150,000 to \$199,999	2.30%	4.00%
\$200,000 or more	N/A	3.80%

Source: U.S. Census Bureau

TOP TEN EMPLOYERS		
Company	Product	Employees
IBM Corporation	Office Products	2,500
JPMorgan Investment Serv.	Financial Services	1,700
Dallas Semiconductor	Semiconductor Manufacturing	1,300
GEICO	Insurance	1,200
Cingular Wireless	Telecommunications	925
TD Industries	HVAC	811
Tuesday Morning	Retail - General Merchandise	700
Essilor Labs of America	Eye Wear	660
Monitronics International	Alarm Monitoring	604
Fannie Mae	Financial Services	600
TOP TEN BUSINESS CATEGORIES		
2nd Qtr. 2005 thru 1st Qtr. 2006		
Business Type	Taxable Sales Per Capita	
Furniture and Homefurnishings Stores	\$ 7,155	
Miscellaneous Retail	4,752	
Business Services	4,334	
Wholesale Trade - Durable Goods	2,951	
Special Trade Contractors	2,495	
Wholesale Trade - NonDurable Goods	1,570	
Eating & Drinking Supplies	1,562	
Communications	921	
Printing & Publishing	602	
General Building Contractors	538	
Number of Businesses in Farmers Branch (approximate)	2,600	
Number of Registered Voters	14,533	
Estimated Population per North Central Texas Council of of Governments	27,850	

WHAT IS A BUDGET?

A budget is a financial and operating plan for a City for a period called a “fiscal year.” The City of Farmers Branch’s fiscal year begins on October 1 and ends on September 30. The fiscal year that begins on October 1, 2006 is referred to as “Fiscal Year 2007.” The budget is considered a financial plan, a policy plan, an operating guide, and a communications device.

The City cannot spend money unless it is appropriated within the budget. An appropriation is the legal approval given by the City Council to the City staff to spend money for a specific purpose. The budget also contains an estimate of revenues to be received by the City during the same time period. The legal authorization to collect revenues, such as property tax, utility charges, franchise fees, and user fees, is provided by City Council by ordinance. Also included in the budget is the estimate of monies left over from the prior fiscal year that can be spent and appropriated in the new year. This money is called available or undesignated and unreserved fund balance. The City Charter provides that a portion of undesignated fund balance may be set aside to meet unexpected and unforeseen contingencies in the current operating costs of any project budget.

THE BUDGET DOCUMENT

The budget document begins with a transmittal letter from the City Manager. This letter summarizes the contents of the budget and provides an explanation of the rationale used by the City Manager during the budget development process. The City Manager also outlines the administration’s work program for the upcoming year.

The budget document is divided into nine sections. The first section contains an overview of the City’s budget through the budget transmittal, budget at a glance, budget process, and organizational charts, as well as budget summary information in graph and table form on all the operating funds of the City. Also included in this section is a detail of budgetary policies relating to financial management and accounting practices. The next seven sections each concentrate on a particular fund of the City. The final section contains a glossary, personnel staffing summaries and budget ordinances.

THE BUDGET PROCESS - HOW IS THE BUDGET PREPARED, ADOPTED, AND AMENDED?

The City Charter provides that the City Manager must prepare a proposed budget to be submitted to the City Council prior to August 1st each year. Prior to that date, department heads prepare budgets for their departments. These budgets are then compiled into a budget for the entire City by the Finance Department. These budget proposals are then reviewed by the City Manager, Assistant City Managers, Director of Finance, and the department head. The City Manager then submits a recommended budget to the City Council. Public hearings are then conducted, at which time all interested persons’ comments concerning the budget are heard. After adoption by City Council, a budget may be amended by ordinance any time during the fiscal year to account for unusual or unforeseen conditions that occurred subsequent to the original budget adoption. The budget is generally amended at mid-year and year-end. The Year-End Amended Budget is based upon estimated current year actuals. The budget ordinance provides that the City Manager may transfer unencumbered appropriations within each departmental division’s summary budget category (as itemized in the adopted budget) without a budget amendment.

TRUTH IN TAXATION

State “truth-in-taxation” laws give taxpayers a voice in decisions that affect their property tax rates. Beginning in early August, the City takes the first step toward adopting a tax rate and complying with these laws by calculating and publishing the effective and rollback tax rates. The City publishes the rates in a local newspaper, along with a list of the debts it must pay and the amount of money left over from the previous year.

The effective tax rate would provide the City with approximately the same amount of revenue it had the year before on properties taxed in both years. For example, if property values go up, the effective tax rate goes down. Comparing the effective tax rate to the City's proposed tax rate tells you whether there will be a tax increase.

The rollback tax rate provides the City approximately the same amount of tax revenue it spent the previous year for day-to-day operations plus an extra 8% cushion, and sufficient funds to pay its debts in the coming year. If the City adopts a tax rate that is higher than the rollback rate voters in the City can petition calling for an election to roll back or limit the size of the tax increase.

WHAT IS A FUND?

The basic building block of governmental finance and budgeting is the "fund." Each fund is independent of all others and is created to account for the receipt and use of specific revenues. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/retained earnings, revenues, and expenditures/expenses. The City exercises budgetary control over governmental and proprietary fund types. A description of each fund and fund type follows:

Governmental Fund Types:

General Fund - The General Fund is used to account for the current day-to-day operations of the City, which are financed from property taxes and other general revenues. Activities financed by the General Fund include those of all line and staff departments within the City, except for such activities financed for in the Proprietary and Special Revenue Funds.

Fixed Asset Fund (General) - Appropriate transfers are made to this fund from operating General Fund department budgets to finance fixed asset replacement. For comprehensive annual financial reporting purposes, the Fixed Asset Fund is consolidated into one summarized General Fund.

Special Revenue Funds - The Special Revenue Funds are used by the City to account for revenues derived from specific taxes, sale of assets and contributions that are reserved or designated to finance particular functions or activities of the City. The following is a description of the City's Special Revenue Funds.

Hotel/Motel Fund – Used to account for receipt and allocation of the City's hotel/motel occupancy tax. Use of this tax is limited by law to the promotion of tourism and other restricted uses. The hotel occupancy tax rate for the City's hotels is 7%.

Fixed Asset Fund (Hotel/Motel) - Appropriate transfers are made to this fund from operating Hotel/Motel Fund department budgets to finance fixed asset replacement. For comprehensive annual financial reporting purposes, the Fixed Asset Fund is consolidated into one summarized Hotel/Motel Fund.

Police Forfeiture Fund – Used to account for proceeds from the sale of assets seized in connection with drug arrests. Revenues are reserved for law enforcement expenditures.

Donations – Used to account for voluntary contributions for community improvement.

Youth Scholarship – Used to account for voluntary contributions for youth scholarships that allow resident youths to access non-City sponsored programs.

Grants – Used to account for grant related programs.

Building Security Fund – Used to account for certain proceeds from ticket fees, which must be used for building security purposes.

Court Technology Fund – Used to account for certain proceeds from ticket fees, which must be used for technological enhancements.

Landfill Closure/Post-Closure – Used to account for resources needed for future landfill final closure and postclosure costs.

Stars Center – Used to account for Dallas Stars rent payments and transfers to debt service.

Cemetery – Used to account for grounds maintenance of Keenan Cemetery.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City. The following is a description of the City's Capital Projects Funds:

Non-Bond CIP Fund – Used to account for the financing and construction of major capital facilities by the City, except for those financed by general obligation bonds or by the Water & Sewer Fund. Funded primarily by operating transfers from the General Fund.

Hotel/Motel CIP Fund – Used to account for the construction and financing of historical park improvements. Funded by Hotel/Motel tax revenues.

Water Bond Fund – Used to account for the construction of various water facilities and infrastructure. Funded by general obligation bonds.

DART LAP Fund – Used to account for the construction and financing of transit related improvements. Funded by the Dallas Area Rapid Transit Local Assistance Program (LAP).

Tax Increment Finance District #1 – Used to account for infrastructure construction in the Mercer Crossing tax increment financing (TIF) district. Funded by developers' contributions and advances and incremental property tax payments.

Tax Increment Finance District #2 – Used to account for infrastructure construction in the Old Farmers Branch tax increment financing (TIF) district. Funded by developers' contributions and advances and incremental property tax payments.

Proprietary Fund Types:

Enterprise Funds - The Enterprise Funds are used to account for water and sewer utility operations that are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing utility services to the general public on a continuing basis be financed or recovered primarily through user charges (utility bills). For comprehensive annual financial reporting purposes, all of the following Enterprise Funds are consolidated into one summarized Enterprise Fund.

Water & Sewer Fund – Used to account for the current day-to-day utility operations of the City, which are financed from utility user charges.

Non-Bond Utility Fund – Used to account for the financing and construction of major water and sewer distribution and storage facilities by the City. Funded primarily by transfers from the Water & Sewer Fund.

Fixed Asset Fund (Enterprise) - Appropriate transfers are made to this fund from operating Enterprise Fund department budgets to finance fixed asset replacement.

Internal Service Funds - The Internal Service Funds account for the financing services provided by one department to other departments of the City on a cost reimbursement basis. The following is a description of the City's Internal Service Funds:

Equipment Services Fund – Used to account for materials and supplies provided exclusively to other funds and departments of the City.

Workers' Compensation Fund – Used to account for the City's workers' compensation self-insurance program.

Fixed Asset Fund (Internal Service) - Appropriate transfers are made to this fund from operating Internal Service Fund department budgets to finance fixed asset replacement.

OPERATIONAL STRUCTURE

Each operational fund is comprised of departments, which are major organizational units of the City. Each department has overall management responsibility for one or more divisions. For all departmental divisions, descriptions stating responsibilities, goals, objectives (indicating direction), and accomplishments (indicating progress) are presented. Expenditure summaries list the subtotal expenditures/expenses for categories such as personnel services, materials and supplies, and capital outlay. Personnel summaries indicate the title and number of positions in each division. "Budget Highlights" are also provided which detail new program initiatives or capital outlay expenditures. The operational units by fund are listed on the following page.

Expenditure Summaries

General Fund expenditures can be summarized in several ways, each providing information with a different focus. Several summaries are presented in the General Fund section of the budget:

Summary by Department shows who in the City organizational chart is most directly responsible for control and management of the various activities.

Summary by Function shows the purpose of each City activity in categories specified by State reporting requirements. Grouping activities in the functional areas of general government, public works, public safety, culture and parks, and special expenditures allows for comparisons with other local governments in the State.

Summary by Type of Expenditure shows how the City plans to accomplish its goals and objectives, in the categories of personal services/benefits, purchased professional and technical services, supplies, repairs and maintenance, services, production and disposal, contracts, Christmas activities, other objects, and transfers to other funds.

FUND	DEPARTMENT	DIVISION
General	General Government	General Government General Contracts Legal Non-Departmental
	General Administration	General Administration
	Communications	Communications
	Economic Development & Tourism	Economic Development
	Human Resources	Human Resources
	Finance	Finance Administration Information Services Accounting Purchasing Municipal Court
	Community Services	Community Services Administration Building Inspection Environmental Health
	Engineering	Engineering Administration Traffic Engineering
	Public Works	Public Works Administration Solid Waste Collection Street Maintenance
	Police	Police Administration Police Investigations Police Patrol Police Communications
	Fire	Fire Administration Fire Prevention Fire Operations
	Parks and Recreation	Parks and Recreation Administration Building Maintenance Park Maintenance Recreation Swimming Pool Senior Center Park Board Senior Advisory Board Christmas
	Library	Library
Water & Sewer	Public Works	Water & Sewer Administration Water & Sewer Operations
Internal Service	Equipment Services	Fleet Maintenance
Hotel/Motel	Parks & Recreation	Historical Preservation/Special Events
	Economic Development & Tourism	Convention Center Promotion of Tourism

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Farmers Branch's accounting and financial reporting system follows the principles established by the Governmental Accounting Standards Board (GASB). An annual audit of the City's system is performed by an independent public accounting firm with the subsequent issuance of a comprehensive annual financial report.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance/retained earnings, revenues, and expenses/expenditures.

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so are recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's Proprietary Fund Types are accounted for on a cost of service or "capital maintenance" measurement focus, using the accrual basis of accounting, under which revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

The budgetary basis of accounting follows the Generally Accepted Accounting Practices (GAAP) basis of accounting with the following exceptions: Annual operating budgets are prepared on a budgetary basis of accounting for all governmental funds, whereby year-end encumbrances are recognized as expenditures in the current year budget. Capital projects funds are budgeted over the life of the respective project and not on an annual basis. Proprietary funds are budgeted using an accrual basis, except for capital expenses, depreciation, and debt service payments, which are budgeted on a cash basis. Unexpended appropriations for budgeted funds lapse at fiscal year-end. Encumbrance accounting is used for all funds.

BUDGET FACT SHEET COMMONLY ASKED QUESTIONS

ADOPTED BUDGET 2006-07

	Adopted Fiscal Year Budget 2006-07		Adopted Fiscal Year Budget 2005-06
<u>Budgeted Expenditures</u>			
Total Budget	\$ 79,507,320.00		\$ 77,489,912.00
Operating Budget	62,615,922.00		59,091,404.00
Capital Budget	16,891,398.00		18,398,508.00
<u>Property Taxes</u>			
Total Residential Taxable Value	825,654,877.00		814,819,029.00
Total Commercial Real Taxable Value	1,768,393,314.00		1,538,552,352.00
Total Business Personal Property Taxable Value	911,607,279.00		944,369,647.00
Total Taxable Value *	3,505,655,470.00		3,297,741,028.00
Total Exemptions Value **	888,880,310.00		959,339,732.00
Total Abatement Value **	245,881,966.00		316,779,483.00
Tax Rate (per \$100 assessed value)	0.4945		0.4945
Average Home Value	143,936.00		142,262.43
Property Tax Homestead Exemption	5,000.00	or 20% whichever is greater	5,000.00 or 20% whichever is greater
Property Tax Over-65 / Disabled Exemption	60,000.00		60,000.00

Authorized Positions

	Adopted Fiscal Year Budget 2006-07		Amended Budget 2005-06	
	Budget	Full-Time Equivalents (FTE) ⁽¹⁾	Budget	Full-Time Equivalents (FTE) ⁽¹⁾
Full-Time	416.00	416.00	418.00	418.00
Part-Time	135.00		138.00	
Full-Time Equivalent		52.10		51.27
	551.00	468.10	556.00	469.27

* Excludes Values in Protest

** Based on revised tax documents.

⁽¹⁾ Full-time equivalents is calculated by totaling part-time budgeted hours and dividing the total by the average annual hours worked by full-time employees (2,080).

FINANCIAL MANAGEMENT POLICIES

Purpose

The financial management policies of the City are designed to ensure the financial integrity of the City's government and assist the City in achieving the following:

- * Quality City services that meet the needs and desires of the citizens.
- * A financial base sufficient to maintain or enhance City assets required to support community service demands.
- * Prudent and professional financial management practices to assure residents of Farmers Branch and the financial community that City government is well managed and in sound fiscal condition.
- * Cost effective services to citizens through cooperation with other government entities.
- * A Capital Improvement Program that maintains and enhances the public's assets.

General Goals

The City will follow a five-year review and rotation evaluation of an outside (independent) auditor. The auditors must demonstrate breadth and depth of staff necessary to handle the City's audit in a timely manner. The audited financial statements are required by City Charter to be prepared within 120 days of the close of the fiscal year.

Annual reporting will be done within the guidelines set forth in the Governmental Accounting and Auditing Financial Review and under the standards currently being set by the Governmental Accounting Standards Board (GASB). Interim activity reports will be made available to City Council and management. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis with a thorough analysis at the end of each quarter. Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Annual appropriated budgets are adopted for all funds. Appropriations may remain open for 180 days subsequent to year-end unless related to a multi-year capital project.

The City will strive to maintain accounting policies and practices in the preparation of its annual financial report. The report will be presented to the Government Finance Officers Association (GFOA) for review of qualifications that meet those necessary to obtain the Certificate of Achievement for Excellence in Financial Reporting. The City will also submit its annual budget to GFOA for review of qualifications that meet those necessary to obtain the Distinguished Budget Presentation Award.

Revenue Objectives

The City will strive to operate a revenue system that is simple and reliable so that assurances can be provided that the revenue base will materialize according to budget planning. Consistent monitoring and collection policies will be maintained to insure the integrity of the revenue system. The City will periodically review its fee structure to insure that revenue collections are adequate to meet corresponding expenditures (cost of service concept).

The Enterprise Funds and Internal Service Funds engage in transactions with other funds of the City. All services rendered by these two funds for other funds of the City should be billed at predetermined rates and all services received by these funds from other funds should be paid on the same basis that other users are charged.

The Enterprise Fund will pay a franchise fee based on the same rationale as used with the electric, gas, and telephone companies. A franchise fee is paid to compensate the City for street and alley usage. Payment-in-lieu-of-taxes (P-I-L-O-T) will be charged to offset the ad valorem taxes lost due to the non-profit status of the fund. This P-I-L-O-T is computed by applying the effective property tax rate to the book value of the fund's assets since there is no market value. Administrative costs will be charged for services of general overhead, such as administration, finance, customer billing, personnel, data processing, legal counsel, and other costs as appropriate. The charges will be determined through an indirect cost allocation following accepted practices and procedures.

Expenditure Issues

Expenditures will be made in accordance with the City Charter, budget ordinance, and City & State purchasing guidelines.

Budget Concepts & Multi-Year Planning

The budget process is part of a multi-year plan including the multi-year financial objectives. The following objectives and their status within this budget have been categorized between General Governmental and Water & Sewer Funds.

General Governmental

- *Objective One* is to formulate future budgets so that no use of fund balance will be required in the final operating results.
- *Objective Two* is to provide sufficient funds to maintain the City's streets in terms of pavement structure, rideability and appearance in accordance with the following schedule:

Reconstruction	1 Lane-Mile
Resurfacing	11 Lane-Miles
Repair	3,250 Square Yards
Seal	25 Lane-Miles

The schedule for reconstruction and resurfacing is intended to be a yearly average over four years (in any given year the number of lane-miles of reconstruction and resurfacing will vary).

- *Objective Three* is to provide, from operating revenues, funding for new major capital improvement projects consistent with the future capital projects plan.
- *Objective Four* is to follow a pay-as-you-go capital financing strategy.

Water & Sewer

- *Objective One* is to maintain a self-sufficient Water & Sewer Fund so as to avoid General Fund subsidies.
- *Objective Two* is to provide, from Water & Sewer operating revenues, funding for new capital projects consistent with a long-range capital projects plan.
- *Objective Three* is to provide for reinvestment in the existing water and sewer system with current operating revenues. The target level of funding is equal to the annual depreciation in the Water & Sewer Fund.
- *Objective Four* is to provide for Water & Sewer rate increases when necessary to cover cost increases to the City.

Fund Balance/Operating Position Concepts

The City will maintain an undesignated, unreserved fund balance to be used for unanticipated emergencies of 25% of the operating budget of the General Fund. A net current assets balance of \$2.0 million is targeted for the Water & Sewer Fund. Net current assets is an amount derived by subtracting current liabilities from current assets. This amount is the best approximation in an enterprise type fund of spendable resources, which are available for appropriation. These monies will be used to avoid cash flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating. Each fund may borrow internally from other funds to provide for cash flow requirements. These loans will be on a short-term basis. Funds of the City will not be operated on a deficit basis.

A balanced budget is an operating budget adopted whereby revenues equal or exceed expenditures and no use of fund balance is required in the final operating results.

Capital Infrastructure and Fixed Asset Financing Strategy

The City will strive to direct revenue growth towards reinvestment in capital infrastructure and fixed assets. This use of operating revenues offers flexibility to the City in using a pay-as-you-go cash financing strategy. The advantages of this flexibility include allowing capital projects to be added if additions to fund balance increase or deferred if economic conditions change. The cash financing strategy also allows projects to be changed and/or substituted from year-to-year.

Fixed asset funding is provided through appropriate transfers from operating departments to an internal Fixed Asset Fund. The goal is to provide an internal financing mechanism to finance the replacement of equipment at the operationally optimum time. The timing of fixed asset purchases may coincide with the fiscal year in which transfers are made from the operating departments. However, expensive or infrequent purchases may be paid for over several fiscal years thereby avoiding a peak in the department's budget for fixed assets. The "installment" payments become a designated part of the Fixed Asset Fund balance until the purchase actually occurs. For financial reporting purposes, the Fixed Asset Fund is consolidated with the actual operating fund into one summarized fund.

Debt/Capital Planning Criteria

When applicable, the City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue a Present Value savings of three percent over the life of the respective issue, at a minimum, must be attainable.

Whenever possible, the City will use special assessment, revenue, or other self-supporting bonds instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed. Optional redemption features will be considered for all bond issues depending upon market conditions and/or the needs of the City. Complex derivative-based strategies such as Swaps are not authorized. The City will annually review all debt issues for arbitrage rebate filing and compliance requirements.

The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure on every financial report and borrowing prospectus. The City will strive to limit general obligation annual debt service requirements to 20% of general governmental expenditures. Revenue bond coverage (Water & Sewer) shall be maintained at a minimum of 1.5% or as stipulated by bond covenants.

Long-term debt shall not be used for operating purposes. The life of bonds shall not exceed the useful life of the projects.

The City will strive to maintain a bond rating of at least an “AA” for General Obligation debt and a rating of “A1” for any future Water & Sewer Revenue debt.

The City Charter of the City of Farmers Branch, Texas, does not provide a debt limit. Under the provision of State law (Article XI, Section 5, of the State of Texas Constitution), the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. The maximum annual debt service amount that could be supported by this maximum tax rate in 2006-07 is approximately \$87.6 million. The City’s tax rate is currently \$.4945 per \$100 of assessed valuation. This current tax rate supports general governmental operations and approximately \$3.2 million in annual debt service.

Dividend Plan

On February 3, 1997, the City Council approved a plan to annually review and analyze the fiscal condition of the City’s General Fund and establish a framework for declaring a dividend. The dividend plan has been used effectively in good economic times and has helped the City maintain financial stability and strength.

The criteria for declaring a dividend include meeting the following:

1. An audit for the prior fiscal year has been completed that details unreserved and undesignated General Fund fund balances.
2. The City’s 90-day fund balance reserve requirement has been met.
3. All multi-year financial objectives are met.
4. The pay-as-you-go capital plan is appropriately funded.
5. Liabilities have been reviewed for appropriate funding.
6. Needs or opportunities that arise after the adoption of the current budget are considered.
7. The prior year addition to the General Fund fund balance remaining after the above criteria have been met would be available for dividend distribution consideration.
8. Dividends will be paid to taxpayers on an equitable basis.

The adopted budget may be amended during the year if the criteria noted above is evaluated and met in order to provide for a dividend.

Cash and Investment Management Concepts

The City shall manage and invest its cash in accordance with City Investment Policy guidelines and State law. The City shall maintain a comprehensive cash management program that includes collection of accounts receivable, vendor payment in accordance with invoice terms, and prudent investment of available cash.

Interest earned from investment of available funds, whether pooled or not, shall be distributed to the funds from which monies were provided to be invested.

Compensation Practice Philosophy

The basic philosophy of Farmers Branch is to provide an equitable compensation program for all employees. The basic concept of the pay system is that job responsibility and job performance will be the key determinants of an employee’s salary.

The purpose of the City’s performance based pay system is to attract, retain, and motivate employees through the payment of financial compensation that is commensurate with the individuals’ ability, responsibility, and contribution toward the City’s goals. The program is concerned with providing a compensation framework to inspire the development and progress of each employee. It is further designed to recognize and reward outstanding performance and achieve internally equitable and externally competitive compensation.

Risk Management

The City will aggressively pursue every opportunity to provide for all the public's and City employees safety and to manage its risks. The goal shall be to minimize the risk of loss or resources through liability claims with an emphasis on safety programs. All reasonable options will be investigated to finance risks. Such options may include risk transfer, insurance and risk retention. Where risk is retained, reserves will be established based upon actuarial determinations and not be used for purposes other than for financing losses.

Bond Rating Information

The City maintains favorable ratings from bond rating agencies. The ratings are as follows:

	Moody Investors Service	Standard & Poor's
General Obligation Bonds	Aa3	AA
Combination Tax & Hotel/Motel Tax Revenue Bonds	Aa3	AA
Combination Assessment and Utility System Revenue Bonds	A2	AA-
Combination Tax & Revenue Certificates of Obligation (Insured)	Aaa	AAA

MAJOR REVENUE SOURCES

The revenue sources described in this section account for approximately \$49.9 million or 79% of the City's operating revenues (excludes bond proceeds and interfund transfers/charges).

Property (Ad Valorem) Taxes

Values: The City of Farmers Branch contracts with the Dallas Central Appraisal District (DCAD) to appraise property values within the City. DCAD is required by state law to repeat the appraisal process for property at least once every three years. DCAD's policy is to appraise approximately one-third business personal property, commercial real property, and residential real property each year. Residential and commercial real property includes land and buildings. Business personal property is defined by the tax code as any business property that is not real property. This type of property could include furniture, computer systems, vehicles, etc. Properties are appraised as of January 1 each year. This appraised value is used as the basis for tax billing the following October 1.

To save time and money, the appraisal district uses mass appraisal to appraise large numbers of properties. In a mass appraisal, the appraisal district first collects detailed descriptions of each taxable property in the district. It then classifies properties according to a variety of factors, such as size, use, and construction type. Using data from recent property sales, the district appraises the value of typical properties in each class. Taking into account differences such as age or location, the district uses the typical property values to appraise all properties in the class.

DCAD contracts with the University of Texas at Dallas to conduct a residential appraisal study. This study compares market value (sales) data to appraised value by neighborhood using a statistical model to determine value in neighborhoods that did not have a recent sale. The resulting property values are then adjusted based on a conditions index that is determined by DCAD during neighborhood inspection. Improvements to a home such as a new roof or a kitchen remodel may effect the overall conditions index. New construction such as a pool or a home addition would immediately effect the appraised value of a home whether or not the home is in an area targeted for appraisal.

Tax Rate & Revenues: The City's tax rate consists of two components. One part of the tax rate funds general fund operations and is shown in the General Fund budget as property tax revenue. The other part of the tax rate funds debt service on General Obligation or Certificates of Obligation Bonds. These bonds are backed by the City's property tax base. The property tax revenue from the debt service part of the tax rate is shown in the debt service budget as property tax revenue. The combined total of property tax revenues in the General and Debt Service Funds is called the City's tax levy. The City's 2006-2007 tax rate of 49.45¢ per \$100 property value allocates approximately 82% of property tax revenues to the General Fund and 18% to the Debt Service Fund. Any reduction to the tax rate must be from the General Fund, as the debt service rate cannot be reduced below a level necessary to fund the City's annual debt service.

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1. The City's property tax is billed each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 2006, upon which the fiscal 2007 levy is based, is \$3,505,655,470. This amount is net of \$888,880,310 (representing 25% of taxable value) of agricultural, homestead, over-65, disabled veteran, and tax abatement exemptions. The 2006 tax roll (2006-2007 fiscal year) is 6.30% more than the 2005 certified roll. Economic growth and new construction activity are improving and expected to grow at a moderate level.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ending September 30, 2007 is \$.4945 per \$100 of which \$.404071 is allocated for general government and \$.090429 is allocated for general obligation long-term debt.

Taxes are due January 31 following the October 1 billing date and are considered delinquent after January 31 of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2007 are estimated to be approximately 99% of levy and will generate \$17,429,800 in total revenues. Delinquent taxes and penalties are expected to produce an additional \$230,000.

Sales Tax

The sales tax in Farmers Branch is 8.25% of goods or services sold within the City's boundaries. The tax is collected by businesses making the sale and is remitted to the State Comptroller of Public Accounts on a monthly, and in some cases, quarterly basis. Of the 8.25% tax, the State retains 6.25% and distributes 1.0% to the City of Farmers Branch and 1.0% to the Dallas Area Rapid Transit mass transportation authority. The State Comptroller's office distributes tax proceeds to local entities within 40 days following the period for which the tax is collected by the businesses.

For the year ending September 30, 2007, the City expects to receive \$12,450,000 in sales and use tax revenue. This amount represents a 5.75% increase over the previous years amended budget. Sales tax revenue is expected to grow slightly faster than the area CPI rate over the next two years.

Another sales tax levied by the State is the mixed drink tax, which is applied against all mixed drinks and package liquor sold in the City. The tax is 14% of the sales price and, like the general sales tax, is collected by the State. The City's share of the dollar revenues generated by the tax is 10.7%, which is expected to produce \$60,000 for the 2007 fiscal year.

Utility Fees

The City of Farmers Branch charges fees for the provision of water and sewer services to residents and businesses located within the City. The City utilizes a comprehensive utility rate structure that is based upon charging minimum bills for customers, dependent upon meter size, with escalating tiered volume charges depending upon the demand each customer places upon the utility system. This structure allows the fund to equitably recover a greater portion of its fixed expenses through a relatively constant revenue stream.

Under these rates, each customer pays a minimum monthly bill depending upon their meter size. For example, a customer with a 3/4 inch standard size meter will pay \$10.44, which includes 2,000 gallons. At the other end of the scale, a customer with an 8 inch meter pays a minimum bill of \$302.79, which also includes 2,000 gallons. Water in excess of 2,000 gallons is billed at \$2.83 per 1,000 gallons up to 10,000 gallons; \$3.19 per 1,000 gallons from 10,001-20,000 gallons; and \$3.31 per 1,000 gallons over 20,001 gallons consumption. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The exception to this rule is residential customers who cease paying sewer fees once water consumption exceeds 10,000 gallons. The combined monthly water and sewer bill for an average residential customer (10,000 gallons consumption) is \$55.83.

For the 2006-2007 budget year, the City's Water & Sewer Fund anticipates receiving \$9,461,200 from the sale of water and \$3,490,400 from sewer fees. These revenues represent a 14.2% decrease from the previous years amended budget with the expectation that consumption will return to normal levels. Hot, dry conditions in 2005-06 resulted in total water consumption increasing from an average of 2.8 billion gallons per year to 3.2 billion. This unanticipated increase in consumption, combined with a large rate increase in October 2005, resulted in higher than planned revenues for the 2005-06 fiscal year. Water rates were reduced by 8% for average monthly

consumption (10,000 gallons or less) customers beginning in October 2006 in order to encourage conservation. Utility rates are anticipated to increase at the same rate as cost increases for water and wastewater treatment during the next few years.

Franchise Fees

The City of Farmers Branch maintains franchise agreements with utilities that use the City's roadway right-of-ways to conduct their business. Besides defining the responsibilities of the utilities in maintaining their assets, the agreements contain a franchise fee clause that requires the utilities to compensate the City for the use of the right-of-ways. Generally, the fees are based upon a percentage of a utility's gross receipts (generated by customers located within the City's corporate limits), which range from 4% to 5%. The franchise agreement with Southwestern Bell Telephone established a different method for calculating the franchise fee. Under the agreement, the City receives a base annual fee in quarterly payments with a growth factor for subsequent years.

Revenues from the natural gas, electric power, telephone, cable television, and commercial garbage franchises are anticipated to total \$4,548,000 in the 2006-2007 fiscal year, which represents a 19.50% decrease from the previous years amended budget. This decrease is due to a one-time change in electric franchise payment methodology from an annual to a quarterly payment. This change resulted in a one-time revenue accrual of two additional quarters in the 2005-06 fiscal year. Total franchise fees are expected to remain stable for the next two to three years.

Hotel/Motel Occupancy Tax

The occupancy tax is levied by both the City and the State on a hotel or motels gross occupancy receipts. The City's portion is collected on a monthly basis. The City's tax is 7% and is levied with the State's 6% rate. Revenue generated by the tax is restricted by State law to directly enhance and promote the tourist, convention, and hotel industry. For the year ending September 30, 2006, the City expects to receive \$2,300,000 in occupancy tax receipts. This represents a 6.9% increase from the previous years amended budget. The City has twelve hotels. Hotel occupancy receipts are expected to increase 5–10% per year over the next two years as the economy continues to improve.

Benchmarking and Performance Measurement

Performance Measures: An important component, and best practice, in managing local government is to monitor, measure, and assess program performance. This process helps determine whether government functions, programs, and activities are accomplishing intended goals and making efficient use of resources. For many years, Farmers Branch has presented qualitative performance measures on a departmental basis in the annual budget document. These measures are shown as objectives for the prior year and for the current year. Progress on prior year objectives effectively shows the accomplishment status of each objective. The most frequently used *quantitative* performance measure is usually output. A mix of output, outcome, and efficiency measures is generally recommended for presentation within a budget. Only those performance measures that provide useful and practical information for key functions and activities should be included the budget. Primarily, performance measures should be linked with long-standing budget goals/objectives. Examples of the different types of quantitative performance measures follow:

Input Input measures address the amount of resources used in providing a particular service. This data is presented in other sections of the budget, but is useful in providing efficiency measures.	Example Input measure examples include dollars, employee hours, etc.
Output (Workload) Output measures describe the activities undertaken in providing a service or carrying out a program.	Example Output measures could be number of arrests or number of responses to fire alarms.
Outcome (Effectiveness) Outcome measures are used to evaluate the quality and effectiveness of public programs and services.	Example An important goal of a fire prevention program is to minimize losses due to fire. An outcome measure for this program might be dollar value of property lost due to fire.
Efficiency Efficiency measures relate inputs, or resources used, to units of output or outcome. Efficiency measures, evaluated over time, provide evidence of trends in productivity.	Example An efficiency measure could be Fire Department expenditures per \$100,000 of property protected.

Benchmarking: For the past three years, Farmers Branch has worked with other area cities and the North Central Texas Council of Governments (NCTCOG) on a benchmarking project to fairly compare common services provided by area municipalities. However, since 2005, the NCTCOG benchmarking project has been essentially dormant and has not been revived as of this budget. The NCTCOG staff standardized the performance measure data that each participating city submitted and without their participation, the City did not have a vehicle through which to compare comparable data with other cities. Due to this development, the benchmarks that appear in this budget have been modified to benchmark against ourselves over time instead of comparing to other municipalities.

Performance Measurement and Benchmarking Revisions to the 2006-07 Budget: The 2006-07 budget identifies eight citywide goals that were identified by the City Council in 2006. These goals are:

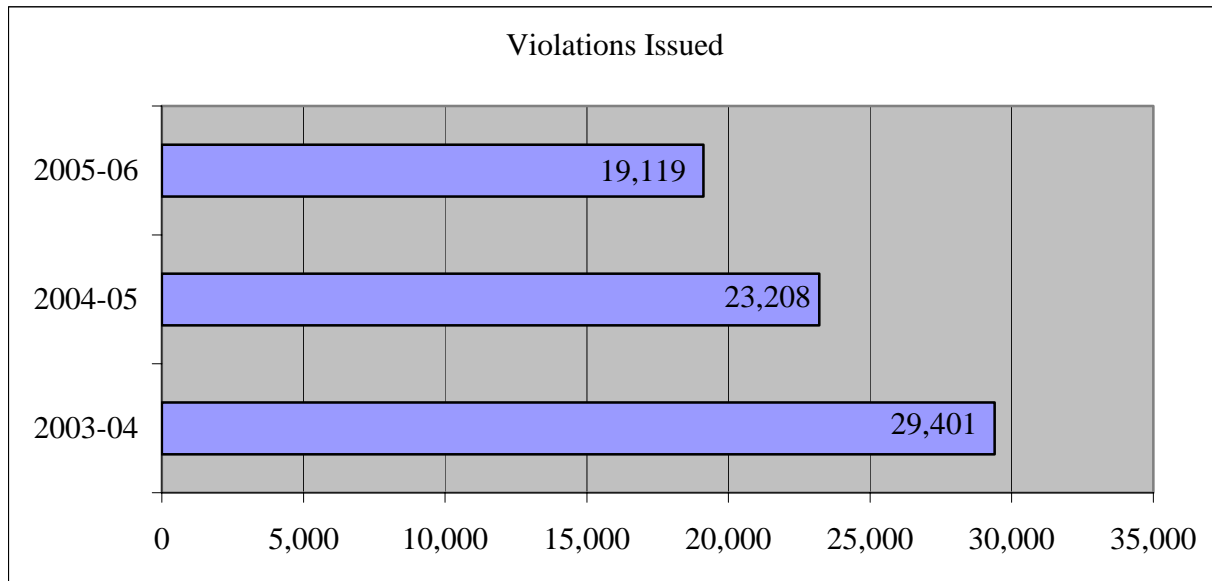
- Financial Strength
- Quality City Services, Facilities, & Infrastructure
- High Quality Retail & Restaurants
- Improved Quality of Education
- Strategic Reinvestment in Residential Neighborhoods
- Leadership & Staff
- Corporate Magnet
- DART Rail Station

Performance measurement and benchmarking is an ever-evolving process. The following departmental functions were identified for measurement due to their relationship with the Council goals. Most of these measures are quantitative – to supplement existing qualitative measures shown at the departmental level in the budget. Additional functions will undoubtedly be added or substituted in the future in order to best measure goal achievement.

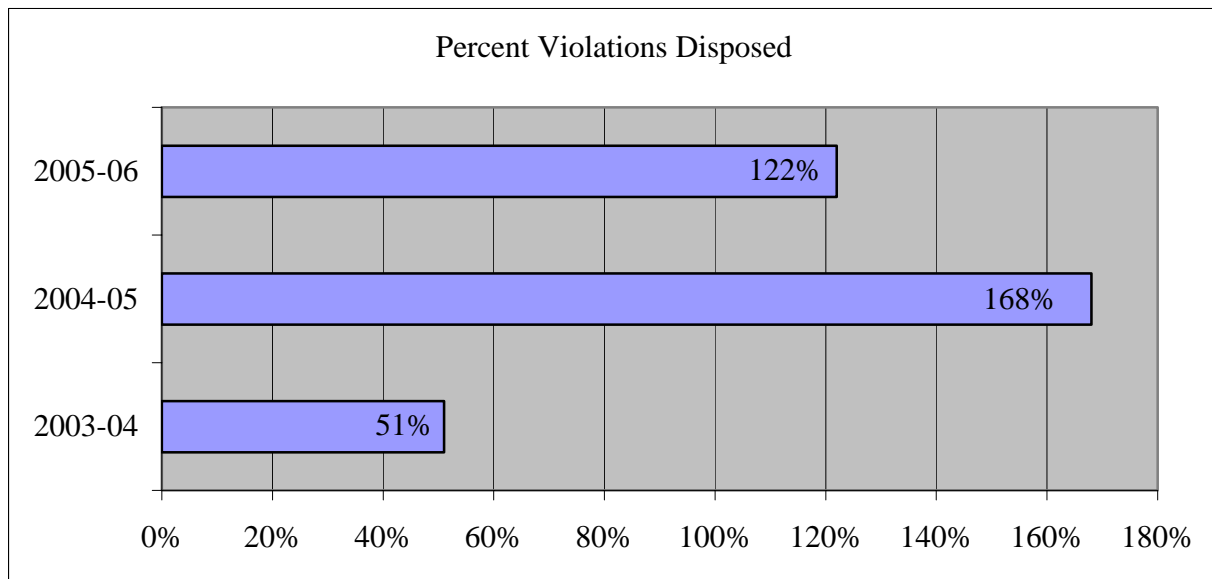
Quality City Services, Facilities, & Infrastructure

MUNICIPAL COURT:

Number of Violations Issued



Percent of Violations Disposed

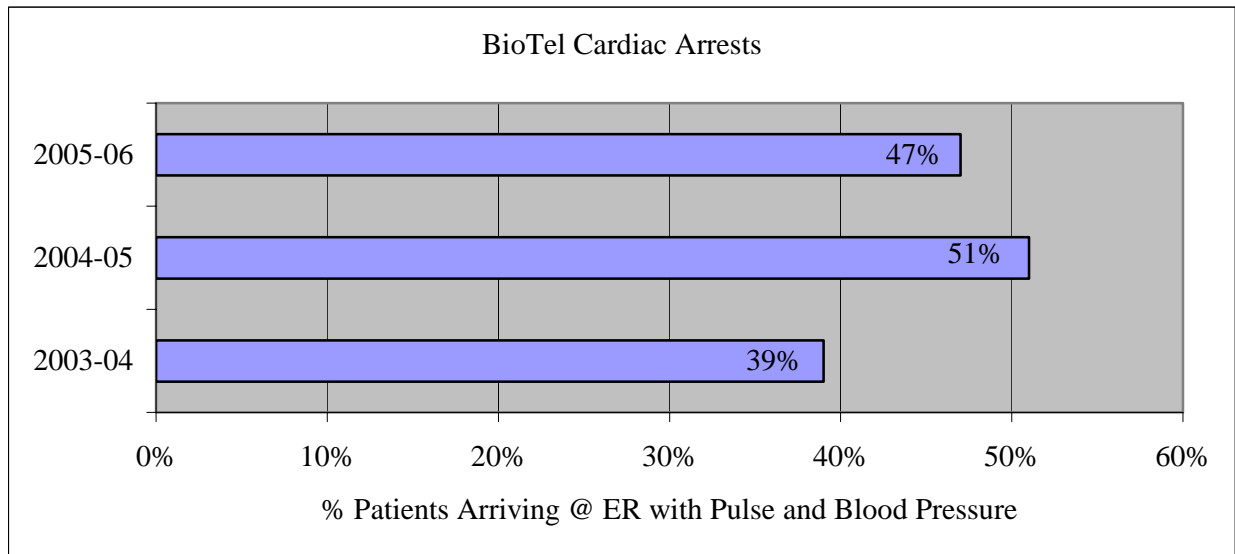


Description: Violations Issued is a measure of the number of violations (tickets) issued by Farmers Branch Police. Violations Disposed is a measure of the number of violations that have been resolved through payment or municipal court resolution.

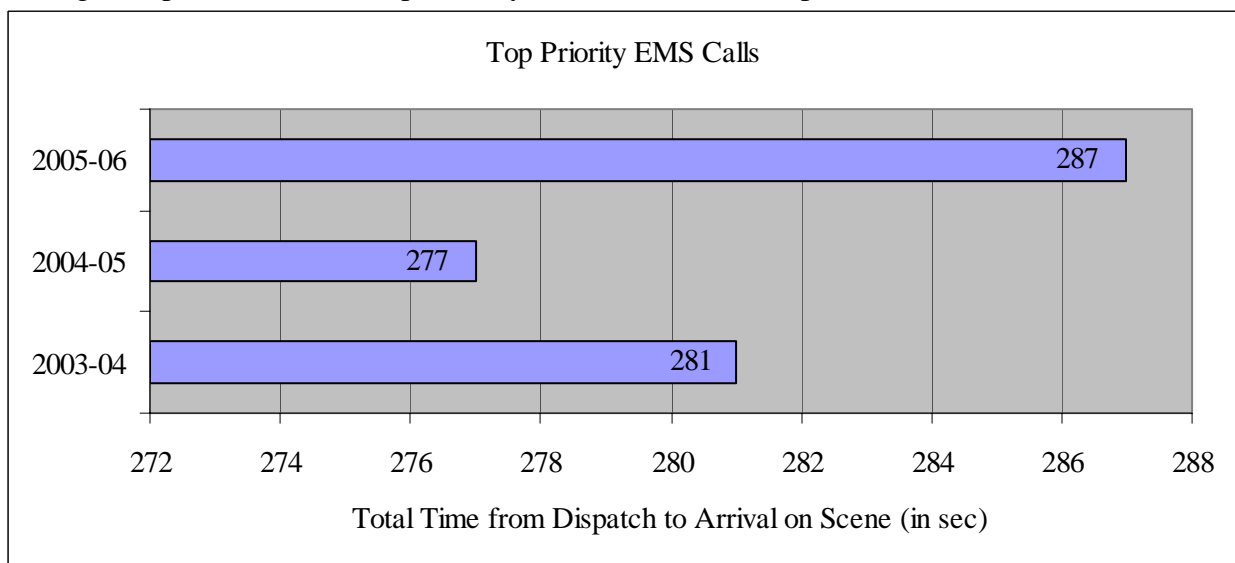
Implication: Farmers Branch issues a large number of violations for a city its size making violation disposition a challenge. The additional court clerks have helped manage the process and improve the efficiency with which cases are disposed.

FIRE/OPERATIONS:

BioTel Cardiac Arrests



Average Response Time for Top-Priority EMS Call (From Dispatch to Arrival on Scene)



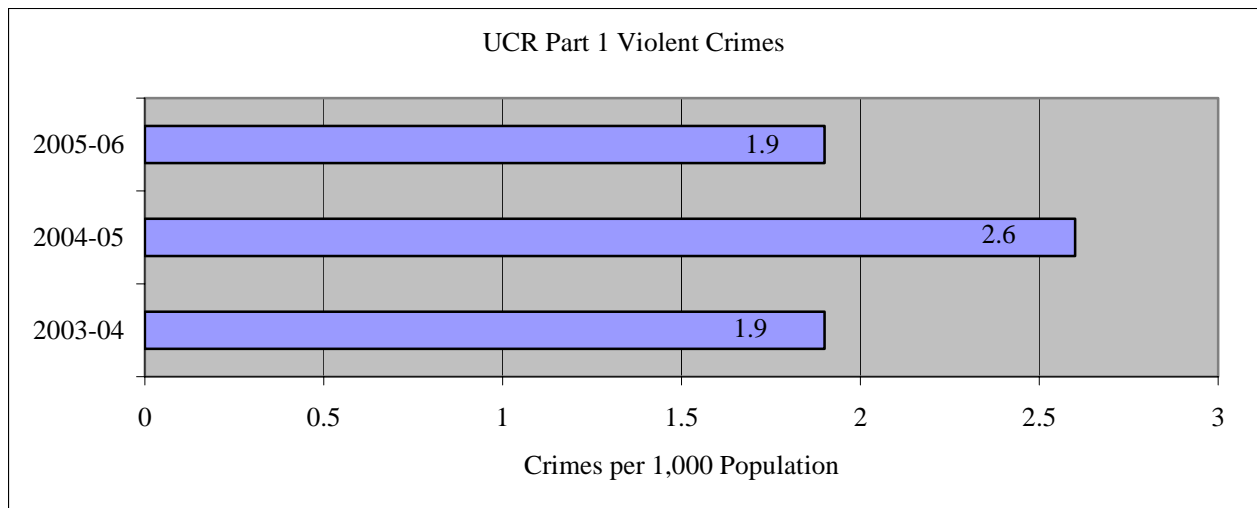
Description: Biotel Cardiac Arrests is a benchmark comparison among the thirteen cities, which make up the Biotel system. The Biotel Emergency Medical Service (EMS) system supplies emergency medical services evaluation in the pre-hospital area (data/phone link) to over two hundred million people per year in the Dallas metropolitan area. Medical direction for the system is provided through the University of Texas Southwestern. This chart shows the percentage of patients that are admitted to the emergency room with a pulse and blood pressure.

Average Response Time for Top-Priority EMS Call - Dispatch to Arrival on Scene is a benchmark of the total average time to arrive at the scene of an emergency.

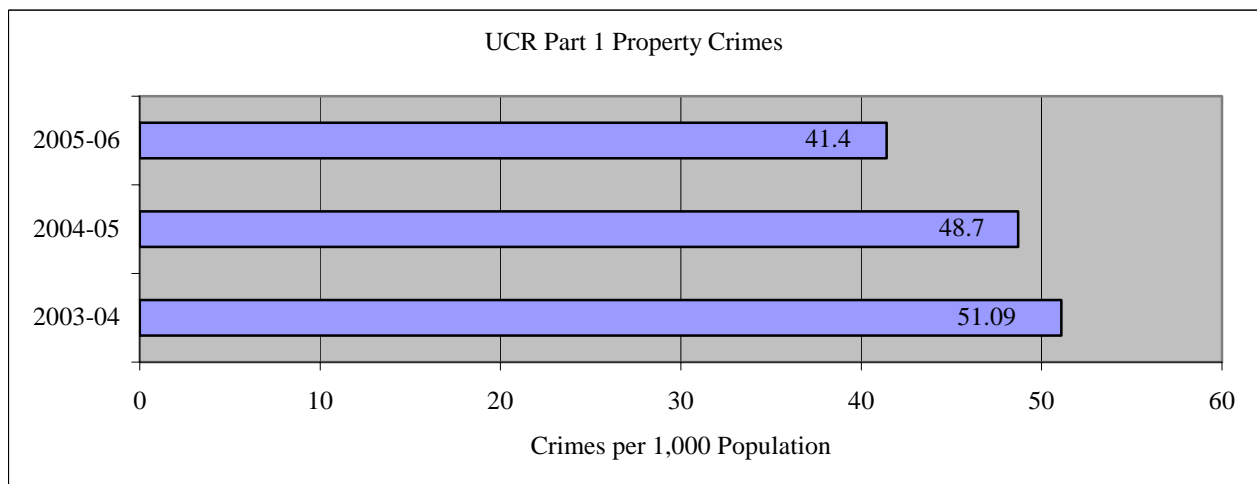
Implication: Emergency Medical Service response and treatment levels are critical to patient survival.

POLICE:

UCR Part I Violent Crimes Reported per 1,000 Population



UCR Part I Property Crimes Reported per 1,000 Population

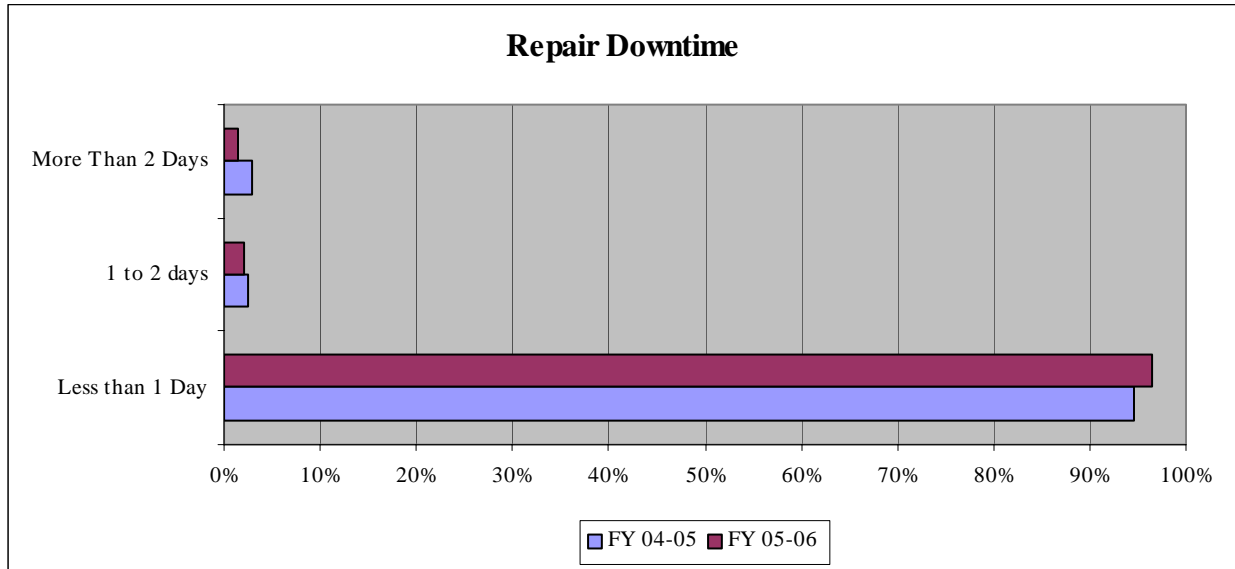


Description: The Uniform Crime Reporting (UCR) Program was conceived in 1929 by the International Association of Chiefs of Police to meet a need for reliable, uniform crime statistics for the nation. In 1930, the FBI was tasked with collecting, publishing, and archiving those statistics. The first two graphs illustrate violent versus property crimes reported on a per 1,000 population basis.

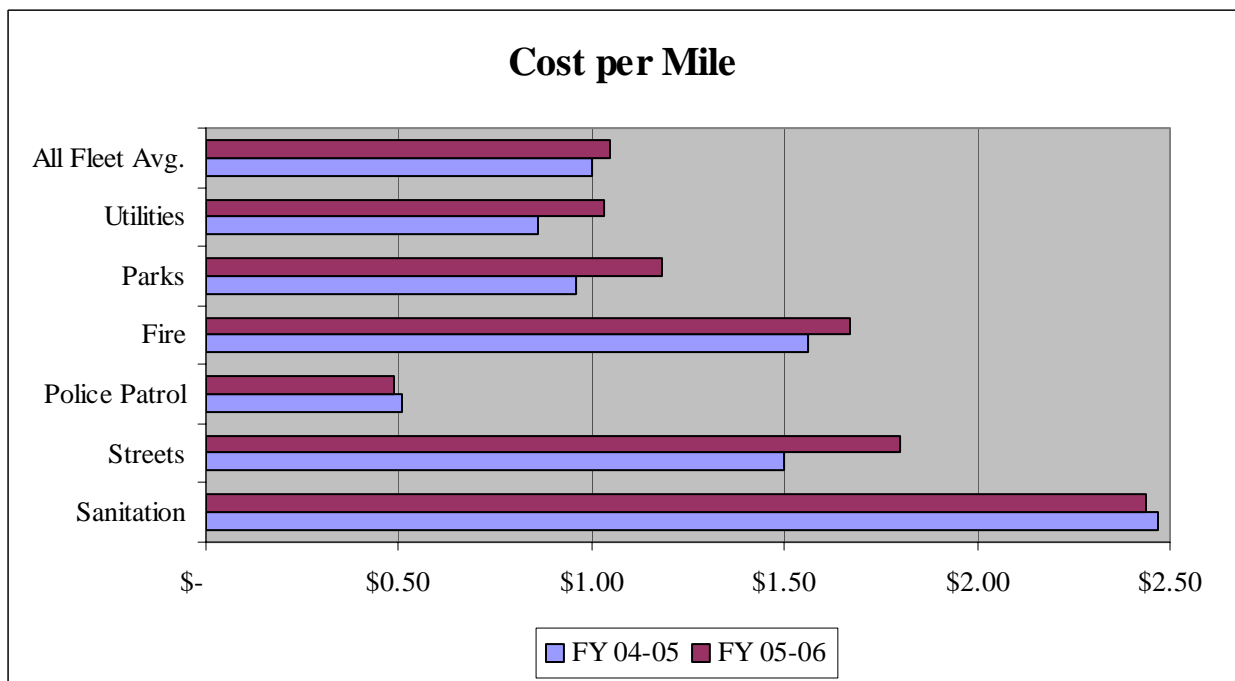
Implication: These charts indicate that crime rate in Farmers Branch decreased from last year. Violent crimes decreased from 2004-05 and have remained stable since 2003-04. Property crime reporting, which includes burglary of a motor vehicle, has been consistently decreasing since 2003-04.

Equipment Services:

Downtime of Equipment by Hours



Cost per Mile

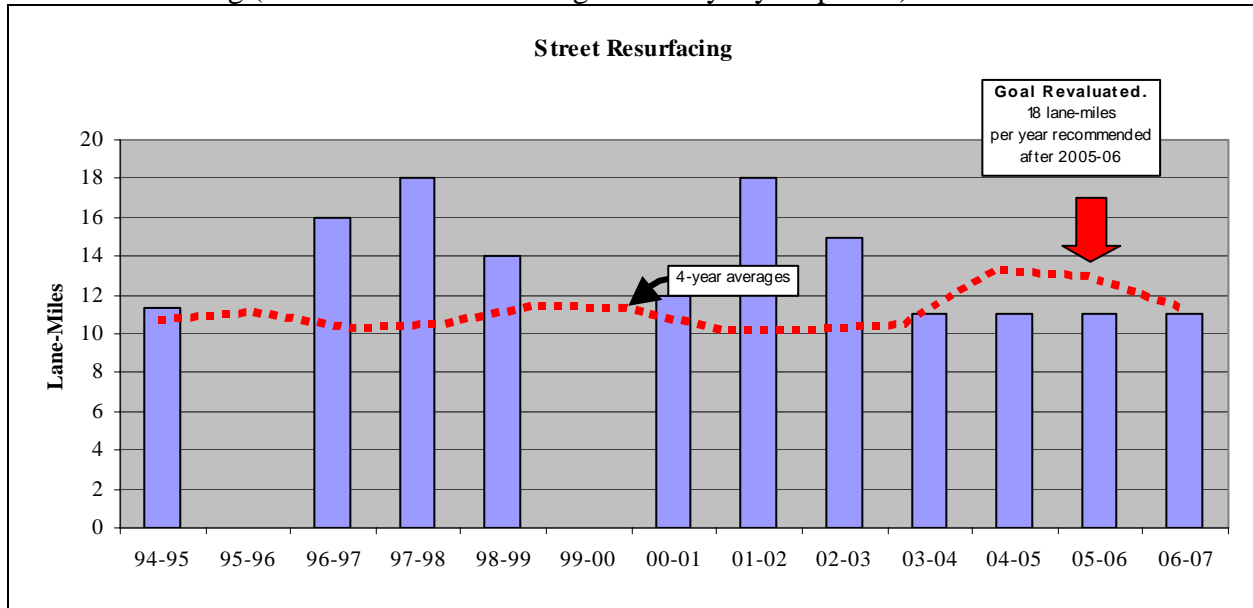


Description: Downtime of Equipment by Hours measures equipment productivity of all equipment utilized by City departments.

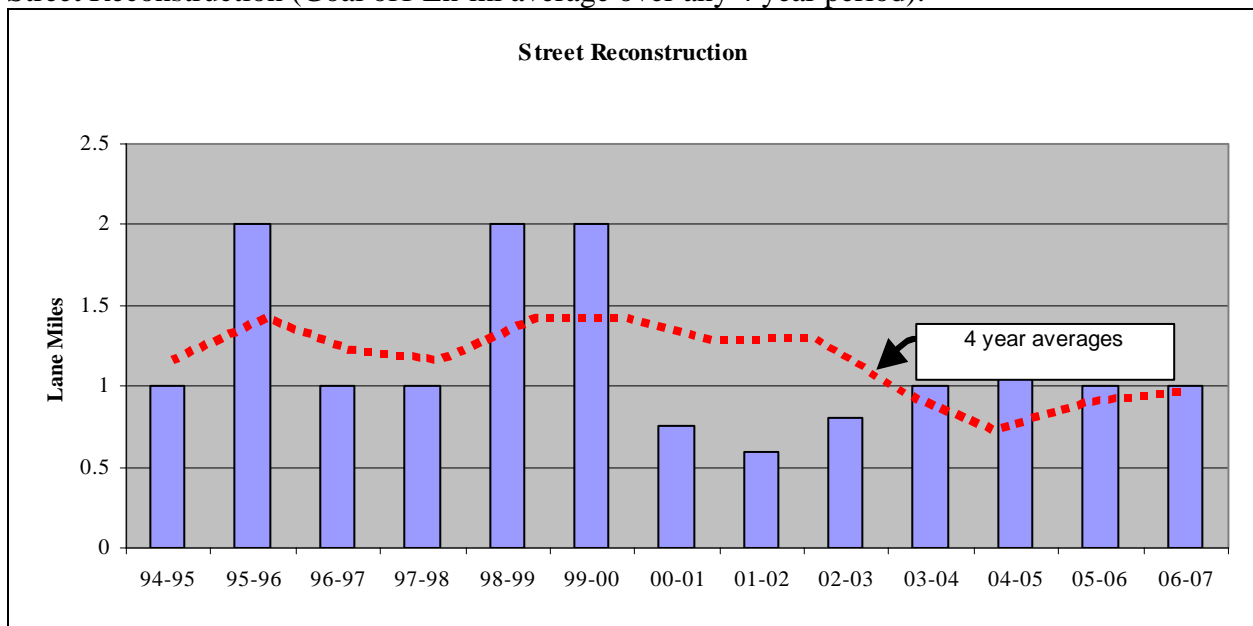
Implication: A focus on quickly repairing equipment and returning the equipment to service is showing results.

Engineering:

Street Resurfacing (Goal of 11 Ln- mi average over any 4 year period)



Street Reconstruction (Goal of 1 Ln-mi average over any 4 year period):



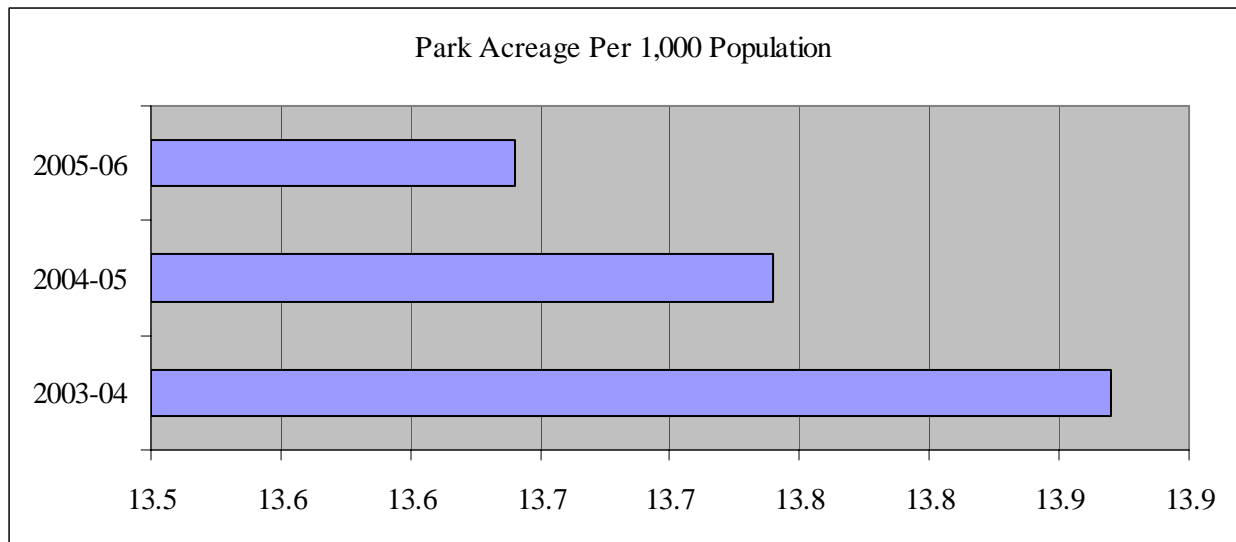
Description: Street resurfacing shows the number of lane-miles of street resurfaced each year versus the City's goal. Street reconstruction shows the number of lane-miles of street reconstructed each year versus the City's goal.

Implication: Maintaining streets has been a major goal of the City for many years. In 2005-06 the City reviewed its street-resurfacing goal of an 11 lane-mile average per year and increased the goal to an 18 lane-mile average per year. The main reason for this increase is that the City's inventory of asphalt streets has grown from 110 lane-miles to 180

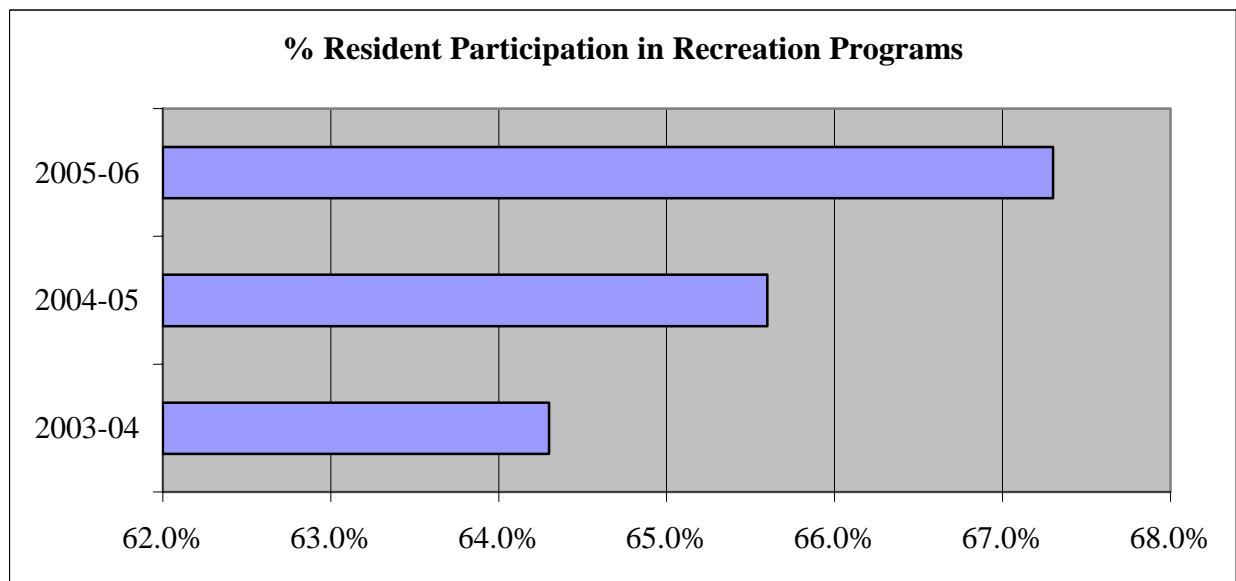
lane-miles. The purpose of the goal is to resurface approximately 10% of these streets annually.

Parks & Recreation:

Total Park Acres Per 1,000 Population



Percent of Resident Participation in Recreation Programs

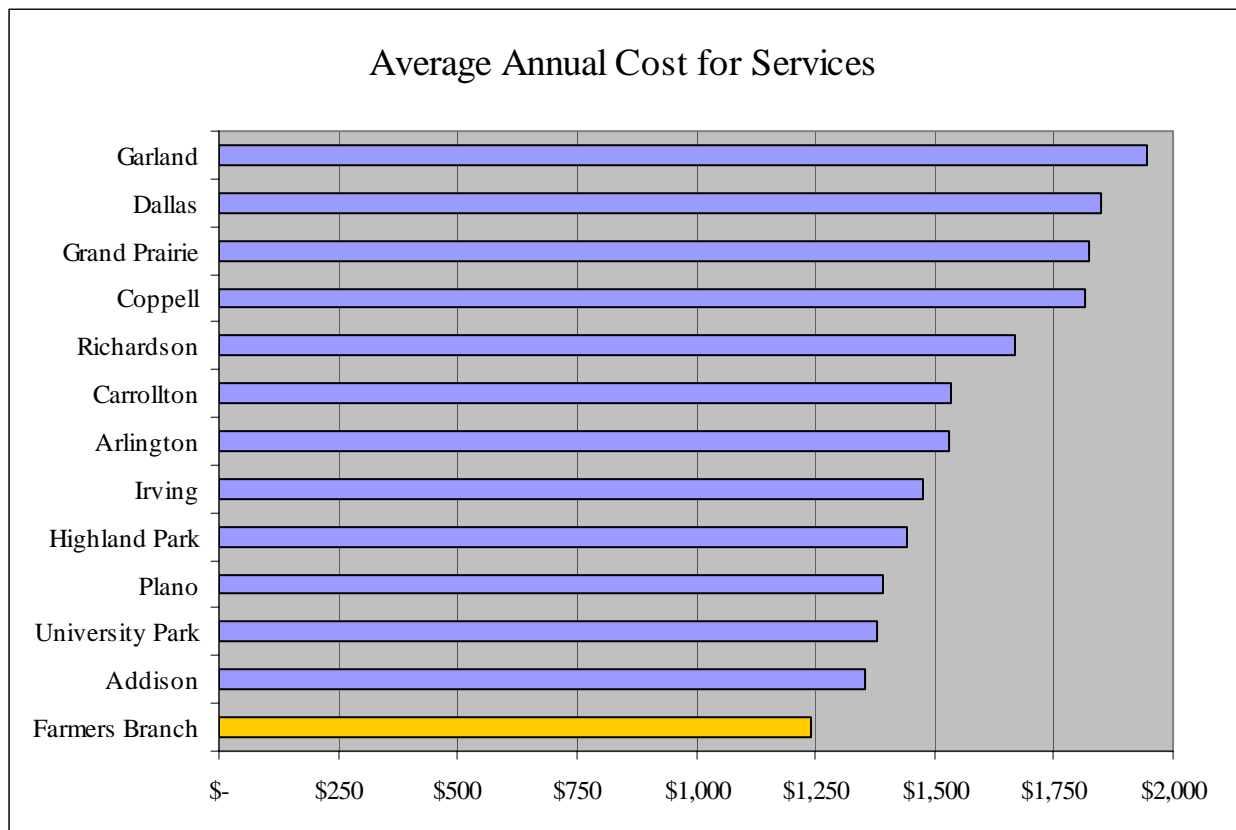


Description: Total Park Acres per 1,000 population is self-explanatory. Percent of Resident Participation in Recreation Programs indicates the degree to which residents use recreation program offerings. Large variations in participation rate may be explained by the variety of methods jurisdictions use to determine participation levels. In some cases, one individual is counted multiple times. A long-range goal of the benchmarking project is to standardize this reporting.

Implication: Farmers Branch has many well used park and recreation facilities and programs.

General City Operations:

Annual Cost (2005-06)



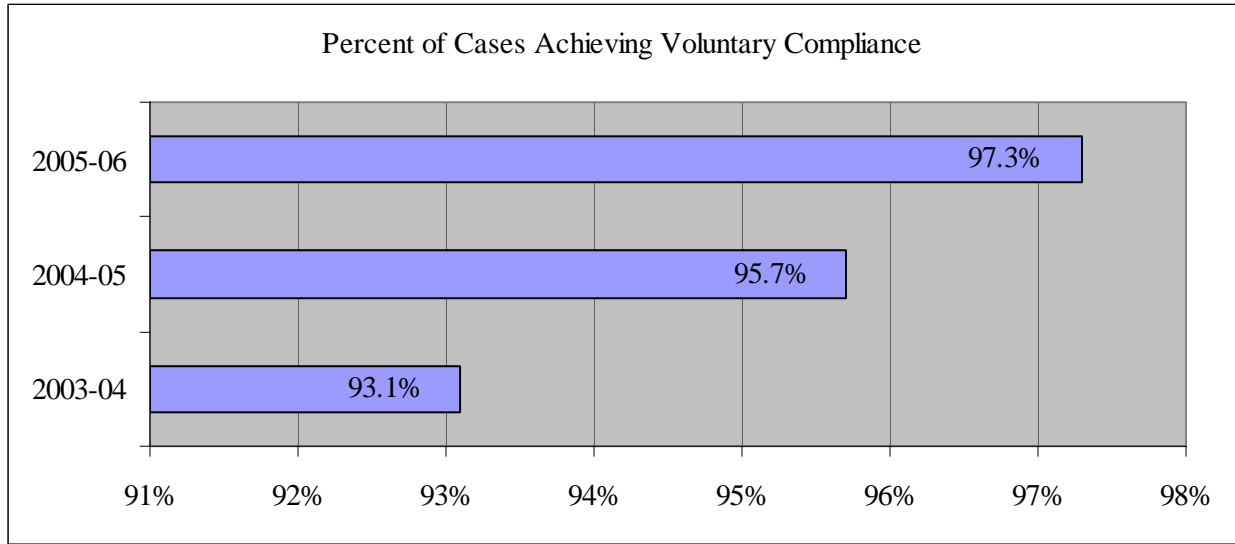
Description: The average annual cost includes average tax bill with homestead exemption, annual curbside garbage costs, average annual utility costs based on 10,000 gallons water consumption, and average annual drainage fees. The annual costs were calculated using the average home value for a home in Farmers Branch (\$143,936).

Implication: Farmers Branch has tried to maintain low costs to its residents while providing excellent City services. The chart illustrates this philosophy. Because residents do not pay drainage fees or curbside garbage collection fees, the cost for services is the lowest among the surveyed cities in the Metroplex.

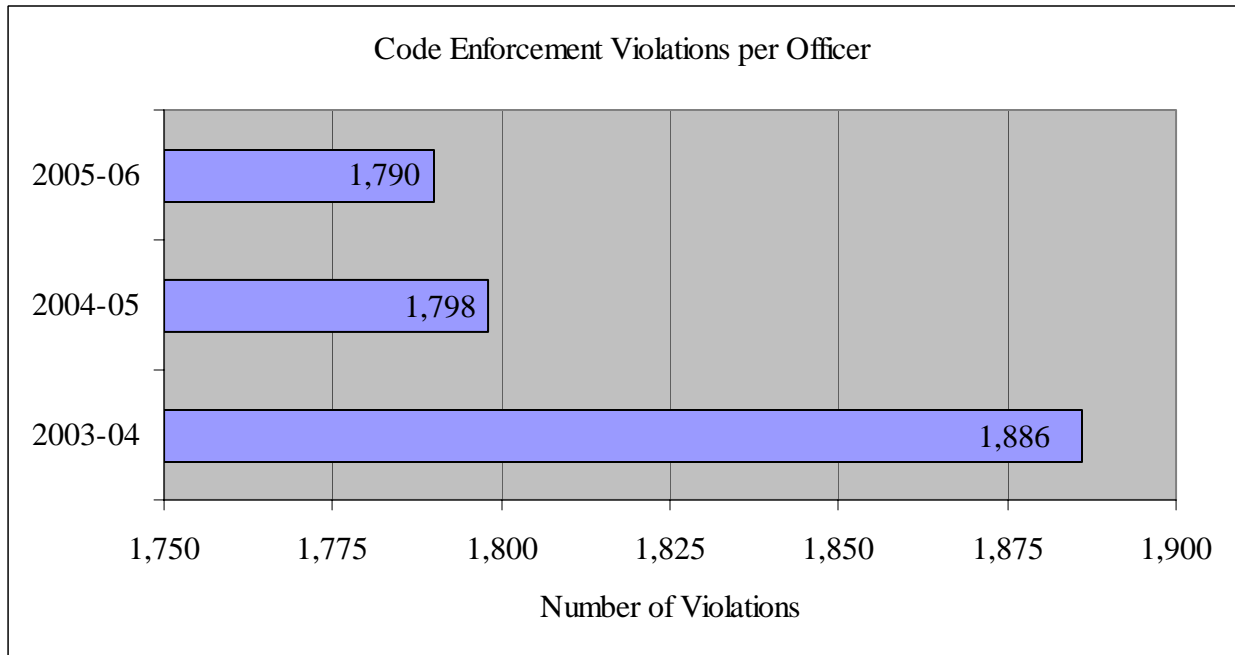
Strategic Reinvestment in Residential Neighborhoods

Community Services/Code Enforcement

Code Enforcement Compliance



Code Enforcement Violations per Officer



Description: Code Enforcement Compliance is critical to keeping a city healthy, safe, and secure. Voluntary compliance is especially crucial in order to avoid lengthy court proceedings. Code Enforcement Violations Per Officer is a measure of staff efficiency.

Implication: Code enforcement is a priority in Farmers Branch. Violations are issued in an efficient manner and voluntary compliance is good.

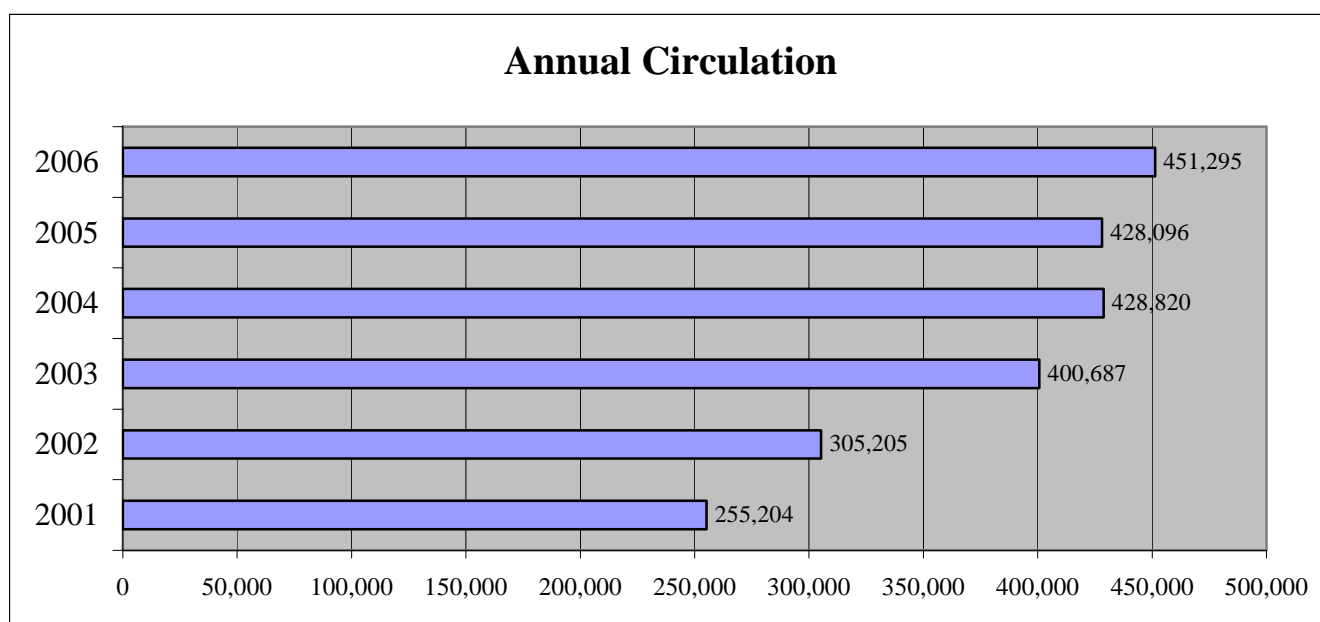
Enhanced Educational Opportunities

Library

Age of Collection

	May 97	Apr 98	Mar 99	Apr 00	Apr 01	Jun 02	Jul 04	Jul 05	Oct 06	Goal
Entire Collection	25%	32%	36%	42%	55%	54%	56%	61%	61%	60%
Adult Non-Fiction	23%	30%	35%	42%	53%	52%	54%	56%	56%	60%
Juvenile Non-Fiction	18%	27%	37%	44%	65%	60%	62%	63%	61%	60%
Medical	32%	52%	67%	74%	78%	75%	81%	80%	80%	85%
Legal	41%	49%	61%	76%	81%	78%	72%	75%	76%	80%
Computer	54%	66%	82%	88%	89%	89%	86%	91%	90%	90%

Annual Circulation



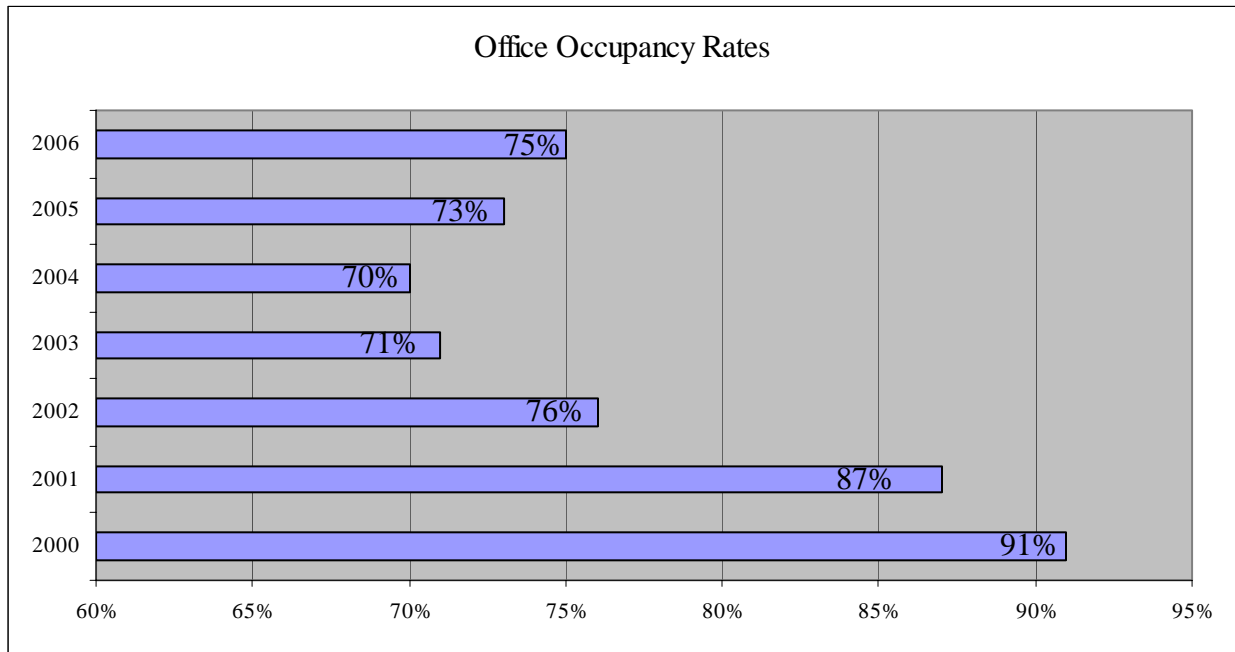
Description: Age of Collection is a measure of the age of library media by type. Annual circulation per capita is a measure of how much library media is annually circulated on a per registered borrower basis.

Implication: The Library began an ambitious program to update its collection several years ago. This measure shows that progress is being made towards meeting the goals of that program. Annual total circulation has reached record levels during each of the last four years.

CORPORATE MAGNET

Economic Development:

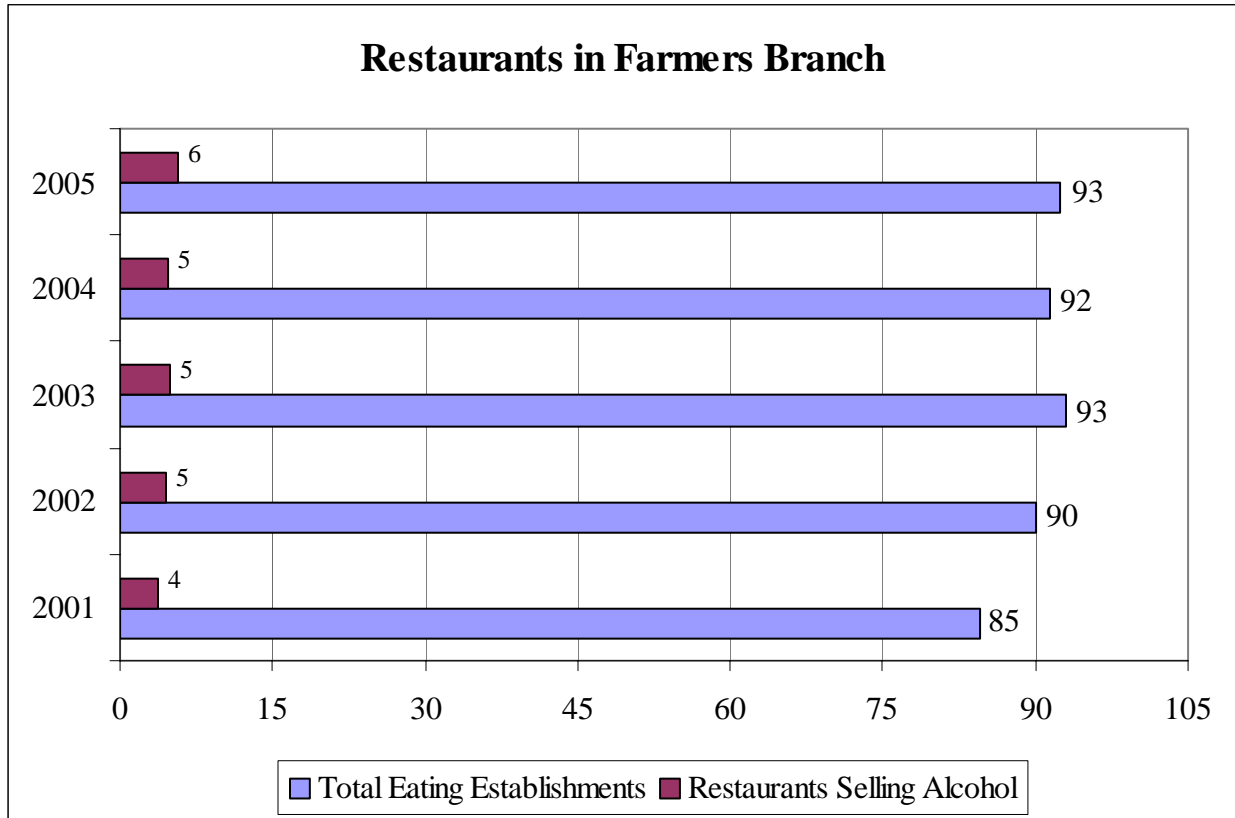
Office Occupancy Rates



Description: Office occupancy rates measure the total number of square feet of Class A office space occupied. The City currently has over 13 million square feet of Class A and B office space. The Economic Development Department surveys property owners at least annually to ascertain the occupancy rates.

Implication: Occupancy rates provide a barometer to gauge the economic health of the City's business base. Because the business property tax comprises such a large portion of the ad valorem taxes, the commercial occupancy rates are critical.

High Quality Restaurants and Retail



Description: Increasing the number and type of restaurant located in Farmers Branch is a priority of the City Council. This measure shows the number of sit-down restaurants serving alcohol compared to total restaurants. The City is currently working to bring in desirable restaurants to the City, especially around the Station Area and on the City's west and east sides.

Implication: Increasing the number of quality restaurant and retail outlets will bring vitality and growth to these important sectors of the Farmers Branch business community and improve the City's tax base.

Relationship between Council Citywide Goals and Departmental Goals

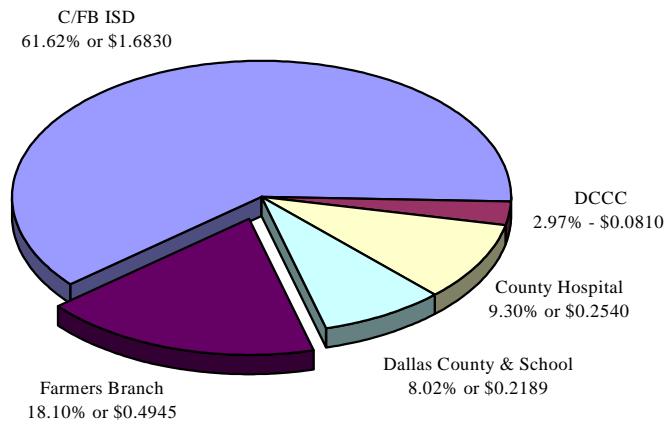
The following matrix provides a summary of each department's goals in relationship to Council citywide goals.

	Financial Strength	Corporate Magnet	Strategic Reinvestment in Residential Neighborhoods	High Quality Restaurants & Retail	Improved Quality of Education	Leadership & Staff	DART Rail Station	Hi Quality City Services, Facilities, & Infrastructure
General Government & Administration	X	X	X	X	X	X	X	X
Economic Development & Tourism		X	X	X	X	X		
Finance	X	X	X					X
Community Services		X	X	X	X	X	X	X
Engineering			X			X	X	X
Public Works			X			X		X
Police			X			X		X
Fire					X	X		X
Parks & Recreation			X		X	X		X
Library					X	X		X
Equipment Services					X	X		X

WHERE YOUR TAX \$ GOES

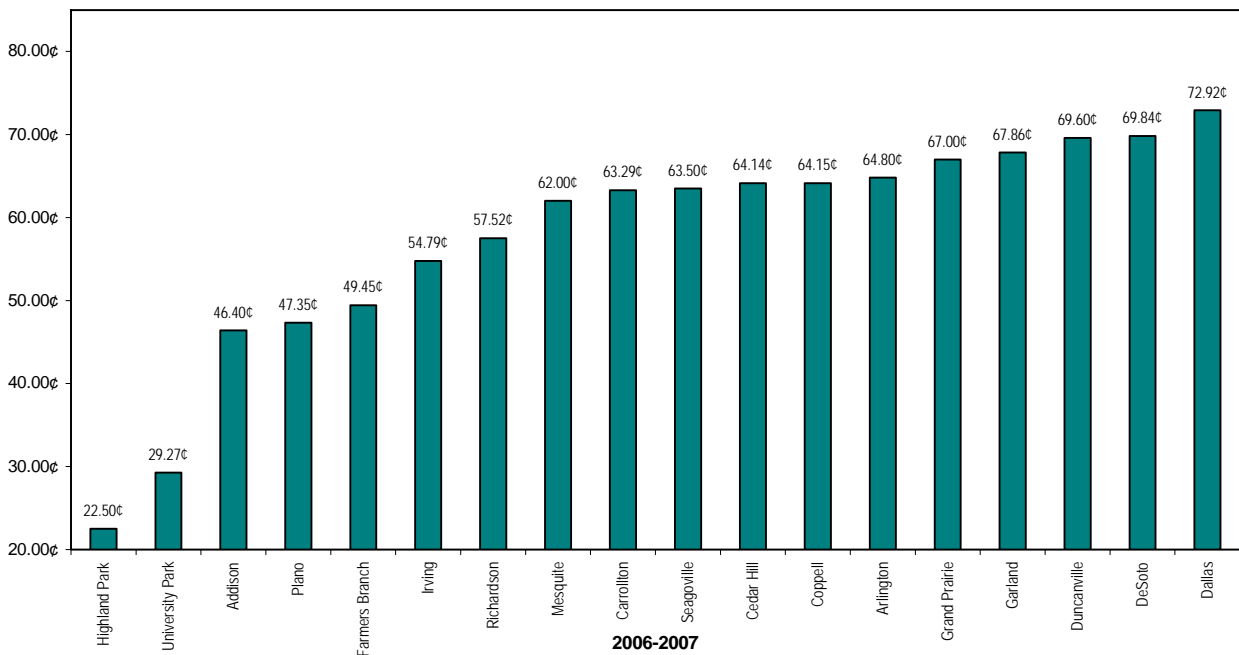
City % (Rounded)	
1985	30%
1986	29%
1987	26%
1988	27%
1989	24%
1990	24%
1991	20%
1992	19%
1993	19%
1994	19%
1995	19%
1996	19%
1997	19%
1998	18%
1999	18%
2000	18%
2001	17%
2002	16%
2003	16%
2004	17%
2005	17.5%
2006	17.2%
2007	18.10%

Overlapping Property Tax Rates 2006-07



The total overlapping taxes for our citizens currently are \$2.7314 per \$100 valuation.

MUNICIPAL TAX RATE COMPARISON
within Dallas area
(per \$100 assessed valuation)



The City's property tax rate compares favorably with other area cities.



Property Tax Rates 2006-2007

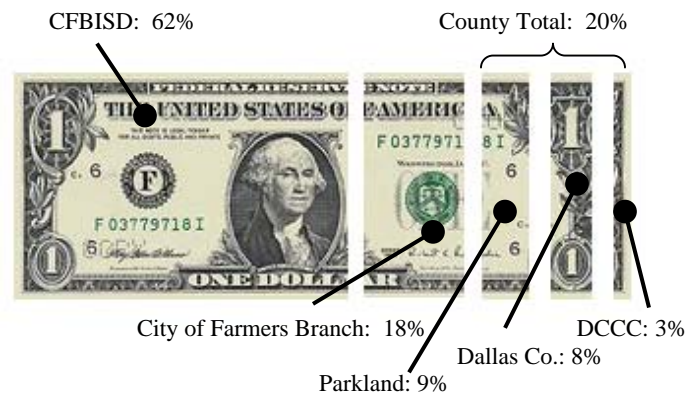
As a Farmers Branch resident, your property tax dollars are at work not only within the City of Farmers Branch, but also within other entities.

How Your Tax Dollar is Distributed:

The following annual tax rate is levied per each \$100 of your home's value.

- Carrollton-Farmers Branch ISD: \$1.683
- City of Farmers Branch: \$0.4945
- Parkland Hospital: \$0.2540
- Dallas County: \$0.2189
- Dallas County Community College: \$0.081

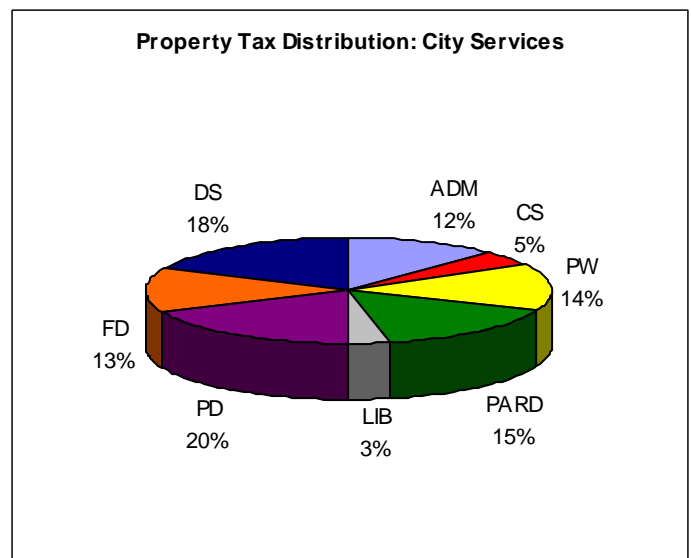
County total: \$0.5539



How Your Property Tax Dollar is Distributed Among City Services:

Property Tax of \$0.4945 cents (per \$100 of assessed property value)

- Police Department (PD): \$0.09170
- Debt Service (DS): \$0.09043
- Parks and Recreation (PARD): \$0.07642
- Engineering/Public Works (PW): \$0.07021
- Fire Department (FD): \$0.06527
- Administration (ADM): \$0.06079
- Community Services (CS): \$0.02299
- Library (LIB): \$0.01668





How Your Property Tax Dollars Work for You ...



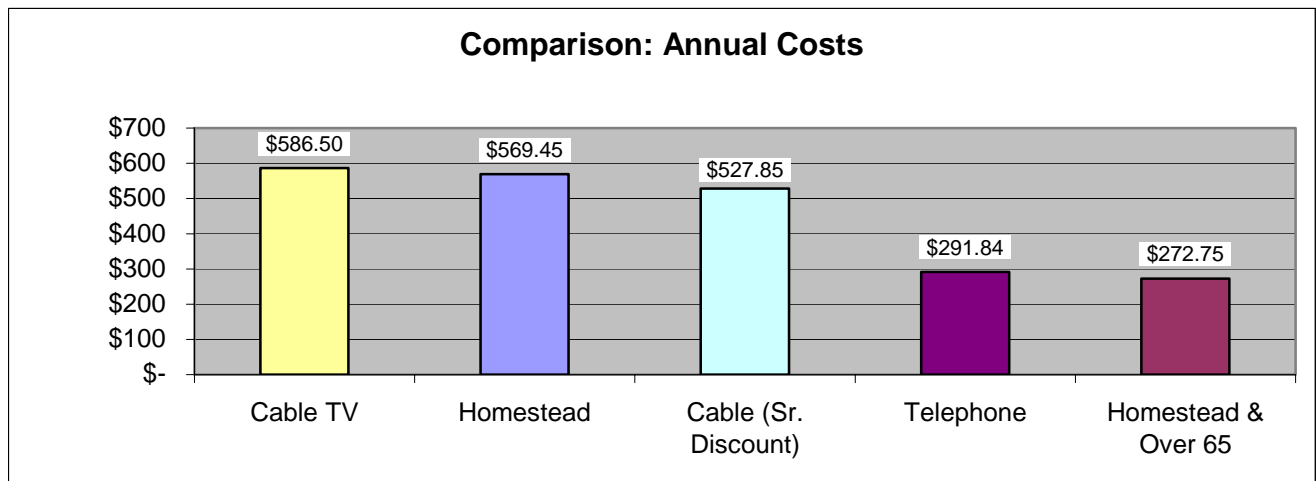
What Property Taxpayers Pay for City Services:

- Value of the average Farmers Branch home is \$143,946.
- Average City property tax with a homestead exemption is \$569.45.
- Average City property tax with both homestead and over 65 exemptions is \$272.75.
- Other revenues, such as sales tax, franchise fees, and other fees, plus property taxes paid by businesses make the difference between the amount of property taxes paid and actual costs to the City.

Department	City Taxes With Homestead	City Taxes Homestead & Over 65	Cost to City for Services Per Household
Police	\$ 105.60	\$ 50.58	\$ 861.32
Debt Service	\$ 104.14	\$ 49.88	\$ 849.35
Parks & Recreation	\$ 88.00	\$ 42.15	\$ 717.78
Eng. & PW	\$ 80.85	\$ 38.72	\$ 659.41
Fire	\$ 75.17	\$ 36.00	\$ 613.09
Administration	\$ 70.01	\$ 33.53	\$ 571.01
Comm. Services	\$ 26.48	\$ 12.68	\$ 215.98
Library	\$ 19.21	\$ 9.20	\$ 156.65
Total City Tax:	\$ 569.45	\$ 272.75	\$ 4,644.59

Cost Comparison:

- Average monthly cable bill (Basic and Expanded Basic), including taxes and fees: \$48.88
- Average monthly cable bill (Basic and Expanded Basic), including taxes, fees, and the Senior discount: \$43.99
- Average monthly telephone bill (no additional features) including taxes and fees: \$24.32

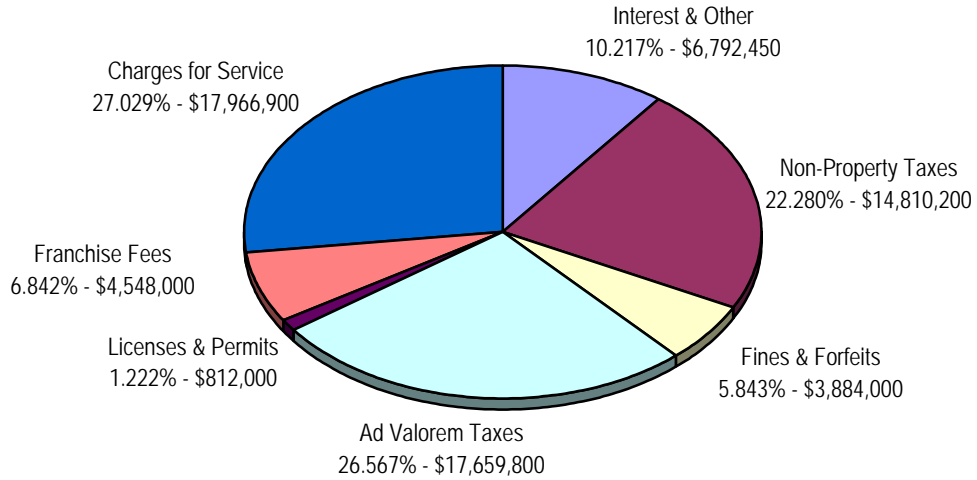


This information also available at www.farmersbranch.info

REVENUE DISTRIBUTION

All Funds

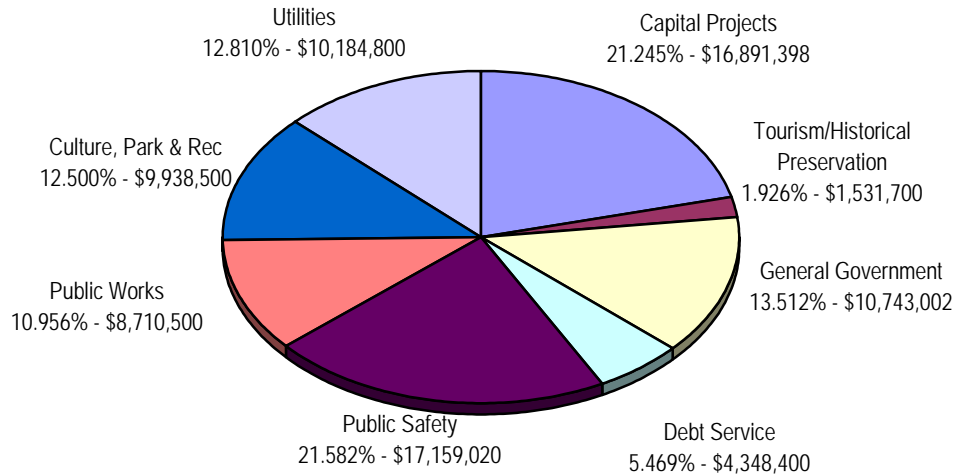
\$66,473,350



EXPENDITURE DISTRIBUTION

All Funds

\$79,507,320



ADOPTED BUDGET 2006-07
COMBINED SUMMARY OF REVENUES AND EXPENDITURES

	OPERATING FUNDS						TOTAL OPERATING & CAPITAL PROJECT FUNDS
	GENERAL FUND	WATER & SEWER FUND	HOTEL/ MOTEL FUND	DEBT SERVICE	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS	
ESTIMATED BEGINNING BALANCES	<u>\$12,334,207</u>	<u>\$3,413,378</u>	<u>\$1,647,101</u>	<u>\$13,670</u>	<u>\$5,940,393</u>	<u>\$17,255,096</u>	<u>\$40,603,845</u>
REVENUES							
Ad valorem taxes	14,410,000			3,249,800			17,659,800
Non-property taxes	12,510,200		2,300,000				14,810,200
Franchise fees	4,548,000						4,548,000
Licenses & permits	812,000						812,000
Charges for service	4,970,300	12,996,600					17,966,900
Fines and forfeits	3,884,000						3,884,000
Interest and other	1,087,500	186,800	61,800		1,823,517	3,632,833	6,792,450
TOTAL REVENUES	<u>42,222,000</u>	<u>13,183,400</u>	<u>2,361,800</u>	<u>3,249,800</u>	<u>1,823,517</u>	<u>3,632,833</u>	<u>66,473,350</u>
TRANSFERS FROM OTHER FUNDS						6,912,500	6,912,500
TOTAL REVENUES AND TRANSFERS	<u>42,222,000</u>	<u>13,183,400</u>	<u>2,361,800</u>	<u>3,249,800</u>	<u>1,823,517</u>	<u>10,545,333</u>	<u>73,385,850</u>
TOTAL AVAILABLE RESOURCES	<u>54,556,207</u>	<u>16,596,778</u>	<u>4,008,901</u>	<u>3,263,470</u>	<u>7,763,910</u>	<u>27,800,429</u>	<u>113,989,695</u>
EXPENDITURES							
General government	10,692,800				50,202		10,743,002
Public safety	16,865,700				293,320		17,159,020
Public works	7,405,500				1,305,000		8,710,500
Culture and recreation	9,877,600				60,900		9,938,500
Utilities		10,184,800					10,184,800
Capital projects						16,891,398	16,891,398
Debt service			500,600	3,209,800	638,000		4,348,400
Tourism/historical preservation			1,531,700				1,531,700
TOTAL EXPENDITURES	<u>44,841,600</u>	<u>10,184,800</u>	<u>2,032,300</u>	<u>3,209,800</u>	<u>2,347,422</u>	<u>16,891,398</u>	<u>79,507,320</u>
TRANSFERS TO OTHER FUNDS	<u>1,979,500</u>	<u>4,592,000</u>	<u>1,291,000</u>			<u>50,000</u>	<u>7,912,500</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>46,821,100</u>	<u>14,776,800</u>	<u>3,323,300</u>	<u>3,209,800</u>	<u>2,347,422</u>	<u>16,941,398</u>	<u>87,419,820</u>
CHANGE IN FUND BALANCE	<u>(4,599,100)</u>	<u>(1,593,400)</u>	<u>(961,500)</u>	<u>40,000</u>	<u>(523,905)</u>	<u>(6,396,065)</u>	<u>(14,033,970)</u>
ESTIMATED ENDING FUND BALANCES **	<u>\$7,735,107</u>	<u>\$1,819,978</u>	<u>\$685,601</u>	<u>\$53,670</u>	<u>\$5,416,488</u>	<u>\$10,859,031</u>	<u>\$26,569,875</u>

Internal Service and Fixed Asset Funds are not included in this summary as they are funded by the operating funds.

The large drop in Capital Projects Fund Balance is due to the planned completion of street, utility, and facility projects within the fiscal year.

** Undesignated and Unreserved

GENERAL FUND REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>TAXES</u>					
PROPERTY - CURRENT	\$12,772,224	\$13,290,000	\$13,290,000	\$14,220,000	33.68%
PROPERTY - PRIOR YEAR	117,939	60,000	60,000	75,000	0.18%
SALES & USE TAXES	10,789,405	11,213,000	11,773,000	12,450,000	29.49%
MIXED BEVERAGE	50,211	60,000	60,000	60,000	0.14%
BINGO	88	200	200	200	0.00%
FRANCHISE FEES	4,351,615	4,448,000	5,648,000	4,548,000	10.77%
PENALTIES & INTEREST	154,562	115,000	115,000	115,000	0.27%
SUB-TOTAL	<u>\$28,236,044</u>	<u>\$29,186,200</u>	<u>\$30,946,200</u>	<u>\$31,468,200</u>	<u>74.53%</u>
<u>LICENSES & PERMITS</u>					
HEALTH	\$25,770	\$25,000	\$25,000	\$25,000	0.06%
BUILDING	463,723	413,000	653,000	578,000	1.37%
PLUMBING	60,527	47,000	47,000	62,000	0.15%
ELECTRICAL	76,577	74,000	74,000	74,000	0.18%
HVAC	44,479	41,000	41,000	41,000	0.10%
MULTI-FAMILY INSPECTION	31,547	32,000	32,000	32,000	0.08%
SUB-TOTAL	<u>\$702,623</u>	<u>\$632,000</u>	<u>\$872,000</u>	<u>\$812,000</u>	<u>1.92%</u>
<u>CHARGES FOR SERVICES</u>					
ZONING	\$19,811	\$18,500	\$18,500	\$18,500	0.04%
PRINTING & DUPLICATING	18,068	12,000	12,000	17,500	0.04%
POLICE SERVICES	104,235	106,000	106,000	106,000	0.25%
AMBULANCE & 911 SERVICES	1,099,385	1,100,000	1,155,000	1,155,000	2.74%
REFUSE SERVICES	2,753,840	2,800,000	2,600,000	2,850,000	6.75%
HEALTH & INSPECTION FEE	21,741	30,000	30,000	30,000	0.07%
ANIMAL CONTROL & SHELTER	3,219	3,000	3,000	3,000	0.01%
SWIMMING POOL FEES	38,880	40,000	40,000	40,000	0.09%
SENIOR CENTER FEES	26,518	30,000	30,000	30,000	0.07%
PARKS & REC CONCESSIONS	150,534	120,800	120,800	155,000	0.37%
BUILDING USE FEES	452,990	534,300	534,300	565,300	1.34%
SUB-TOTAL	<u>\$4,689,221</u>	<u>\$4,794,600</u>	<u>\$4,649,600</u>	<u>\$4,970,300</u>	<u>11.77%</u>
<u>FINES, FORFEITS & ASSESSMENTS</u>					
COURT	\$2,624,831	\$2,552,000	\$2,552,000	\$3,802,000	9.00%
LIBRARY	56,800	65,000	65,000	82,000	0.19%
SUB-TOTAL	<u>\$2,681,631</u>	<u>\$2,617,000</u>	<u>\$2,617,000</u>	<u>\$3,884,000</u>	<u>9.20%</u>
<u>INTEREST/RENTS/CONTRIBUTIONS</u>					
INTEREST	\$444,522	\$500,000	\$600,000	\$650,000	1.54%
RENTS	238,196	218,000	278,000	278,000	0.66%
SUB-TOTAL	<u>\$682,718</u>	<u>\$718,000</u>	<u>\$878,000</u>	<u>\$928,000</u>	<u>2.20%</u>

GENERAL FUND REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>MISCELLANEOUS</u>					
MISCELLANEOUS	\$95,421	\$118,000	\$139,500	\$139,500	0.33%
RECYCLING	11,038	20,000	20,000	20,000	0.05%
SUB-TOTAL	<u>\$106,459</u>	<u>\$138,000</u>	<u>\$159,500</u>	<u>\$159,500</u>	<u>0.38%</u>
GRAND TOTAL	<u><u>\$37,098,696</u></u>	<u><u>\$38,085,800</u></u>	<u><u>\$40,122,300</u></u>	<u><u>\$42,222,000</u></u>	<u><u>100.00%</u></u>

**GENERAL FUND
EXPENDITURE SUMMARY**
Summarized by Department

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>GENERAL GOVERNMENT</u>					
GENERAL GOVERNMENT	\$109,188	\$120,200	\$129,500	\$120,200	0.26%
GENERAL CONTRACTS	181,000	181,000	181,000	191,000	0.41%
LEGAL	303,466	305,000	305,000	326,400	0.70%
NON-DEPARTMENTAL	(1,595,183)	(1,742,300)	(1,754,300)	(428,500)	-0.92%
SUB-TOTAL	<u>(\$1,001,529)</u>	<u>(\$1,136,100)</u>	<u>(\$1,138,800)</u>	<u>\$209,100</u>	<u>0.45%</u>
<u>GENERAL ADMINISTRATION</u>					
GENERAL ADMINISTRATION	\$937,781	\$928,900	\$946,400	\$959,400	2.05%
SUB-TOTAL	<u>\$937,781</u>	<u>\$928,900</u>	<u>\$946,400</u>	<u>\$959,400</u>	<u>2.05%</u>
<u>COMMUNICATIONS</u>					
COMMUNICATIONS	\$370,002	\$394,400	\$397,900	\$450,900	0.96%
SUB-TOTAL	<u>\$370,002</u>	<u>\$394,400</u>	<u>\$397,900</u>	<u>\$450,900</u>	<u>0.96%</u>
<u>ECONOMIC DEVELOPMENT</u>					
ECONOMIC DEVELOPMENT	\$276,541	\$323,900	\$327,300	\$336,600	0.72%
SUB-TOTAL	<u>\$276,541</u>	<u>\$323,900</u>	<u>\$327,300</u>	<u>\$336,600</u>	<u>0.72%</u>
<u>HUMAN RESOURCES</u>					
HUMAN RESOURCES	\$658,126	\$686,600	\$715,500	\$759,700	1.62%
SUB-TOTAL	<u>\$658,126</u>	<u>\$686,600</u>	<u>\$715,500</u>	<u>\$759,700</u>	<u>1.62%</u>
<u>FINANCE</u>					
FINANCE ADMINISTRATION	\$560,821	\$585,600	\$591,900	\$601,200	1.28%
INFORMATION SERVICES	1,074,569	1,169,200	1,185,600	1,246,200	2.66%
ACCOUNTING	444,664	462,700	460,900	469,700	1.00%
PURCHASING	133,446	139,700	141,400	143,000	0.31%
MUNICIPAL COURT	557,760	530,700	520,300	558,200	1.19%
SUB-TOTAL	<u>\$2,771,260</u>	<u>\$2,887,900</u>	<u>\$2,900,100</u>	<u>\$3,018,300</u>	<u>6.45%</u>
<u>COMMUNITY SERVICES</u>					
COMMUNITY SERVICES ADMIN.	\$738,311	\$741,800	\$758,400	\$776,400	1.66%
BUILDING INSPECTION	772,342	783,400	828,900	954,600	2.04%
ENVIRONMENTAL HEALTH	596,290	685,200	685,200	769,800	1.64%
SUB-TOTAL	<u>\$2,106,943</u>	<u>\$2,210,400</u>	<u>\$2,272,500</u>	<u>\$2,500,800</u>	<u>5.34%</u>
<u>ENGINEERING</u>					
ENGINEERING	\$1,201,469	\$1,240,100	\$1,274,400	\$1,283,900	2.74%
TRAFFIC ENGINEERING	1,013,490	917,500	912,100	953,900	2.04%
SUB-TOTAL	<u>\$2,214,959</u>	<u>\$2,157,600</u>	<u>\$2,186,500</u>	<u>\$2,237,800</u>	<u>4.78%</u>

**GENERAL FUND
EXPENDITURE SUMMARY**
Summarized by Department

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>PUBLIC WORKS</u>					
PUBLIC WORKS ADMIN.	\$375,123	\$383,200	\$387,700	\$395,200	0.84%
SOLID WASTE COLLECTION	1,694,265	1,679,300	1,582,400	2,015,500	4.30%
STREET MAINTENANCE	2,596,311	2,756,100	2,678,400	2,832,000	6.05%
SUB-TOTAL	<u>\$4,665,699</u>	<u>\$4,818,600</u>	<u>\$4,648,500</u>	<u>\$5,242,700</u>	<u>11.20%</u>
<u>POLICE</u>					
POLICE ADMINISTRATION	\$436,459	\$514,600	\$495,300	\$463,000	0.99%
POLICE INVESTIGATIONS	1,175,960	1,204,900	1,235,600	1,339,600	2.86%
POLICE PATROL	5,000,695	5,570,600	5,585,700	6,170,000	13.18%
POLICE COMMUNICATIONS	1,697,293	1,853,900	1,838,800	1,869,900	3.99%
SUB-TOTAL	<u>\$8,310,407</u>	<u>\$9,144,000</u>	<u>\$9,155,400</u>	<u>\$9,842,500</u>	<u>21.02%</u>
<u>FIRE</u>					
FIRE ADMINISTRATION	\$651,333	\$663,700	\$674,500	\$685,800	1.46%
FIRE PREVENTION	375,651	382,800	384,100	455,400	0.97%
FIRE OPERATIONS	5,229,240	5,395,300	5,639,400	5,882,000	12.56%
SUB-TOTAL	<u>\$6,256,224</u>	<u>\$6,441,800</u>	<u>\$6,698,000</u>	<u>\$7,023,200</u>	<u>15.00%</u>
<u>PARKS & RECREATION</u>					
PARKS & RECREATION ADMIN.	\$492,605	\$508,700	\$524,900	\$528,100	1.13%
BUILDING MAINTENANCE	984,350	1,032,800	1,042,600	1,043,300	2.23%
PARK MAINTENANCE	3,652,746	3,920,500	4,044,700	3,937,000	8.41%
RECREATION	1,495,633	1,623,900	1,620,100	1,698,900	3.63%
SWIMMING POOL	162,024	177,100	181,200	195,500	0.42%
SENIOR CENTER	406,143	491,300	499,100	578,100	1.23%
PARK BOARD	6,013	10,600	10,600	10,600	0.02%
SENIOR ADVISORY BOARD	4,768	9,400	9,400	9,400	0.02%
CHRISTMAS	111,480	123,400	150,900	150,900	0.32%
SUB-TOTAL	<u>\$7,315,762</u>	<u>\$7,897,700</u>	<u>\$8,083,500</u>	<u>\$8,151,800</u>	<u>17.41%</u>
<u>LIBRARY</u>					
LIBRARY	\$1,683,269	\$1,754,300	\$1,748,500	\$1,788,300	3.82%
SUB-TOTAL	<u>\$1,683,269</u>	<u>\$1,754,300</u>	<u>\$1,748,500</u>	<u>\$1,788,300</u>	<u>3.82%</u>
TOTAL OPERATING	<u><u>\$36,565,444</u></u>	<u><u>\$38,510,000</u></u>	<u><u>\$38,941,300</u></u>	<u><u>\$42,521,100</u></u>	<u><u>90.82%</u></u>
<u>SPECIAL EXPENDITURES</u>					
TRANSFER TO CIP	\$196,000	\$0	\$0	\$4,300,000	9.18%
SUB-TOTAL	<u>\$196,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,300,000</u>	<u>9.18%</u>
GRAND TOTAL	<u><u>\$36,761,444</u></u>	<u><u>\$38,510,000</u></u>	<u><u>\$38,941,300</u></u>	<u><u>\$46,821,100</u></u>	<u><u>100.00%</u></u>

**GENERAL FUND
EXPENDITURE SUMMARY**
Summarized by Function

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
<u>GENERAL GOVERNMENT</u>				
GENERAL GOVERNMENT	\$109,188	\$120,200	\$129,500	\$120,200
GENERAL CONTRACTS	181,000	181,000	181,000	191,000
LEGAL	303,466	305,000	305,000	326,400
NON-DEPARTMENTAL	(1,595,183)	(1,742,300)	(1,754,300)	(428,500)
GENERAL ADMINISTRATION	937,781	928,900	946,400	959,400
COMMUNICATIONS	370,002	394,400	397,900	450,900
ECONOMIC DEVELOPMENT	276,541	323,900	327,300	336,600
HUMAN RESOURCES	658,126	686,600	715,500	759,700
FINANCE ADMINISTRATION	560,821	585,600	591,900	601,200
INFORMATION SERVICES	1,074,569	1,169,200	1,185,600	1,246,200
ACCOUNTING	444,664	462,700	460,900	469,700
PURCHASING	133,446	139,700	141,400	143,000
MUNICIPAL COURT	557,760	530,700	520,300	558,200
COMMUNITY SERVICES ADMIN.	738,311	741,800	758,400	776,400
BUILDING INSPECTION	772,342	783,400	828,900	954,600
ENVIRONMENTAL HEALTH	596,290	685,200	685,200	769,800
TOTAL GENERAL GOVT	<u>\$6,119,124</u>	<u>\$6,296,000</u>	<u>\$6,420,900</u>	<u>\$8,234,800</u>
<u>PUBLIC WORKS</u>				
ENGINEERING	\$1,201,469	\$1,240,100	\$1,274,400	\$1,283,900
TRAFFIC ENGINEERING	1,013,490	917,500	912,100	953,900
PUBLIC WORKS ADMIN.	375,123	383,200	387,700	395,200
SOLID WASTE COLLECTION	1,694,265	1,679,300	1,582,400	2,015,500
STREET MAINTENANCE	2,596,311	2,756,100	2,678,400	2,832,000
TOTAL PUBLIC WORKS	<u>\$6,880,658</u>	<u>\$6,976,200</u>	<u>\$6,835,000</u>	<u>\$7,480,500</u>
<u>PUBLIC SAFETY</u>				
POLICE ADMINISTRATION	\$436,459	\$514,600	\$495,300	\$463,000
POLICE INVESTIGATIONS	1,175,960	1,204,900	1,235,600	1,339,600
POLICE PATROL	5,000,695	5,570,600	5,585,700	6,170,000
POLICE COMMUNICATIONS	1,697,293	1,853,900	1,838,800	1,869,900
FIRE ADMINISTRATION	651,333	663,700	674,500	685,800
FIRE PREVENTION	375,651	382,800	384,100	455,400
FIRE OPERATIONS	5,229,240	5,395,300	5,639,400	5,882,000
TOTAL PUBLIC SAFETY	<u>\$14,566,631</u>	<u>\$15,585,800</u>	<u>\$15,853,400</u>	<u>\$16,865,700</u>

**GENERAL FUND
EXPENDITURE SUMMARY**
Summarized by Function

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
<u>CULTURE & PARKS</u>				
PARKS & RECREATION ADMIN.	\$492,605	\$508,700	\$524,900	\$528,100
BUILDING MAINTENANCE	984,350	1,032,800	1,042,600	1,043,300
PARK MAINTENANCE	3,652,746	3,920,500	4,044,700	3,937,000
RECREATION	1,495,633	1,623,900	1,620,100	1,698,900
SWIMMING POOL	162,024	177,100	181,200	195,500
SENIOR CENTER	406,143	491,300	499,100	578,100
PARK BOARD	6,013	10,600	10,600	10,600
SENIOR ADVISORY BOARD	4,768	9,400	9,400	9,400
CHRISTMAS	111,480	123,400	150,900	150,900
LIBRARY	1,683,269	1,754,300	1,748,500	1,788,300
TOTAL CULTURE & PARKS	<u>\$8,999,031</u>	<u>\$9,652,000</u>	<u>\$9,832,000</u>	<u>\$9,940,100</u>
<u>SPECIAL EXPENDITURES</u>				
TRANSFER TO CIP	\$196,000	\$0	\$0	\$4,300,000
TOTAL SPECIAL EXPEND.	<u>\$196,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,300,000</u>
 GRAND TOTAL	 <u><u>\$36,761,444</u></u>	 <u><u>\$38,510,000</u></u>	 <u><u>\$38,941,300</u></u>	 <u><u>\$46,821,100</u></u>

**GENERAL FUND
EXPENDITURE SUMMARY**
Summarized by Type of Expenditure

EXPENDITURES BY TYPE	ACTUAL		ADOPTED BUDGET		YEAR-END AMENDED BUDGET		ADOPTED BUDGET	
	2004-05		2005-06		2005-06		2006-07	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Personal Services/Benefits								
Full-Time	\$ 19,870,888	54.36%	\$ 20,698,700	53.75%	\$ 20,613,000	52.94%	\$ 21,935,400	51.59%
Part-Time	1,074,076	2.94%	1,176,200	3.05%	1,238,100	3.18%	1,263,900	2.97%
Overtime	827,906	2.26%	838,600	2.18%	1,030,100	2.65%	901,500	2.12%
Life & Health	2,276,210	6.23%	2,458,500	6.38%	2,316,700	5.95%	2,356,600	5.54%
TMRS	3,013,818	8.24%	3,161,000	8.21%	3,208,700	8.24%	3,381,800	7.95%
Medicare	253,966	0.69%	261,300	0.68%	261,400	0.67%	280,600	0.66%
Workers' Compensation	410,200	1.12%	410,900	1.07%	410,900	1.06%	410,900	0.97%
Car Allowance	98,600	0.27%	98,400	0.26%	96,000	0.25%	99,200	0.23%
<i>Subtotal</i>	<u>\$ 27,825,664</u>	<u>76.12%</u>	<u>\$ 29,103,600</u>	<u>75.57%</u>	<u>\$29,174,900</u>	<u>74.92%</u>	<u>\$ 30,629,900</u>	<u>72.03%</u>
Purchased Prof & Tech Services	\$ 590,075	1.61%	\$ 614,100	1.59%	\$ 583,700	1.50%	\$ 624,000	1.47%
Supplies	1,503,813	4.11%	1,668,500	4.33%	1,775,500	4.56%	1,939,500	4.56%
Repairs & Maintenance	3,217,205	8.80%	3,608,300	9.37%	3,618,700	9.29%	3,743,800	8.80%
Services	3,155,079	8.63%	3,328,400	8.64%	3,547,500	9.11%	3,590,500	8.44%
Production & Disposal	244,852	0.67%	281,000	0.73%	251,000	0.64%	282,800	0.67%
Contracts	181,000	0.50%	181,000	0.47%	181,000	0.46%	191,000	0.45%
Christmas Activities	89,652	0.25%	93,800	0.24%	121,300	0.31%	121,300	0.29%
Other Objects	437,659	1.20%	791,000	2.05%	779,000	2.00%	2,029,500	4.77%
Transfers	(691,642)	-1.89%	(1,159,700)	-3.01%	(1,093,300)	-2.81%	(631,200)	-1.48%
<i>Total Appropriations</i>	<u>\$ 36,553,357</u>	<u>100.00%</u>	<u>\$ 38,510,000</u>	<u>100.00%</u>	<u>\$ 38,939,300</u>	<u>100.00%</u>	<u>\$ 42,521,100</u>	<u>100.00%</u>



GENERAL GOVERNMENT

General Government consists of four divisions: General Government, General Contracts, Legal, and Non-Departmental.

General Government is used to account for expenses associated with the City Council. General Contracts is used to account for services provided to citizens by City Council approved non-profit organizations. Legal is used to account for expenses associated with the City's contracted legal counsel. Non-Departmental accounts for expenses and interfund transfers not directly associated with any other General Fund Department or Division.

GENERAL GOVERNMENT SUMMARY	YEAR-END		ADOPTED BUDGET 2005-06	YEAR-END		% CHANGE FROM AMENDED BUDGET
	AMENDED	ACTUAL		AMENDED	ADOPTED	
	BUDGET 2004-05	2004-05		BUDGET 2005-06	BUDGET 2006-07	
<i>Supplies</i>	\$13,400	\$11,672	\$16,800	\$22,800	\$16,800	-26.32%
<i>Purchased Prof & Tech Services</i>	320,400	303,466	305,000	305,000	326,400	7.02%
<i>Services</i>	104,700	97,516	103,400	106,700	103,400	-3.09%
<i>Contracts</i>	181,000	181,000	181,000	181,000	191,000	5.52%
<i>Other Objects</i>	486,000	437,659	791,000	779,000	2,029,500	160.53%
<i>Transfers</i>	(2,035,100)	(2,032,842)	(2,533,300)	(2,533,300)	(2,458,000)	-2.97%
Total Department Budget	<u>(\$929,600)</u>	<u>(\$1,001,529)</u>	<u>(\$1,136,100)</u>	<u>(\$1,138,800)</u>	<u>\$209,100</u>	<u>-118.36%</u>

SUMMARY BUDGET CATEGORIES

	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
GENERAL GOVERNMENT					
<i>Supplies</i>	\$13,400	\$11,672	\$16,800	\$22,800	\$16,800
<i>Services</i>	104,700	97,516	103,400	106,700	103,400
Total Budget	<u>\$118,100</u>	<u>\$109,188</u>	<u>\$120,200</u>	<u>\$129,500</u>	<u>\$120,200</u>
GENERAL CONTRACTS					
<i>Contracts</i>	\$181,000	\$181,000	\$181,000	\$181,000	\$191,000
Total Budget	<u>\$181,000</u>	<u>\$181,000</u>	<u>\$181,000</u>	<u>\$181,000</u>	<u>\$191,000</u>
LEGAL					
<i>Services</i>	\$320,400	\$303,466	\$305,000	\$305,000	\$326,400
Total Budget	<u>\$320,400</u>	<u>\$303,466</u>	<u>\$305,000</u>	<u>\$305,000</u>	<u>\$326,400</u>
Note: Approximately \$100,000 of legal services is for prosecutor costs.					
NON-DEPARTMENTAL					
<i>Other Objects</i>	\$486,000	\$437,659	\$791,000	\$779,000	\$2,029,500
<i>Transfers</i>	-2,035,100	-2,032,842	-2,533,300	(2,533,300)	(2,458,000)
Total Budget	<u>(\$1,549,100)</u>	<u>(\$1,595,183)</u>	<u>(\$1,742,300)</u>	<u>(\$1,754,300)</u>	<u>(\$428,500)</u>



GENERAL ADMINISTRATION

The General Administration Department is the Office of the City Manager and consists of the City Manager, Assistant City Managers, and support staff. It also includes the Communications Division and the Economic Development & Tourism Office.

The Office of the City Manager is responsible to the City Council for the proper administration of all affairs of the City under its jurisdiction and must keep the City Council informed as to the affairs of the City.

The Office of the City Manager develops and implements, directly or through various departments, programs of the City. The office is also responsible for numerous community and intergovernmental relations activities as well as special programs such as records management, legislative affairs, redevelopment, and franchise administration. The Branch Crossing, light rail station area development, and Tax Increment Financing (TIF) programs are directly administered from the Office of the City Manager.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Continue the process leading to development of the light rail station area in a manner consistent with the plan adopted by the City Council on July 22, 2002 and coordinate the planning, engineering, and development issues, including furthering public-private partnerships to stimulate development.

By mutual agreement, the original master development contract for the DART Station Area was terminated in December 2005. Subsequent to that, the project has been open to developers and staff continues to present the vision and plan and to potential developers. At its planning work session held in July 2006, City Council identified development of the DART Station Area as a priority.

Likewise, City Council appointed the Branch Revitalization Task Force to evaluate development options and barriers in this and other commercial areas in the Central City, and the Task Force has suggested target priority options within the station area.

On July 3, 2006, the Federal Transit Administration signed the \$700 million full funding agreement for construction of the Northwest Light Rail Corridor. As the projected 2010 opening date approaches, with construction scheduled to begin in 2007, development inquiries are expected to increase. Staff continues to work with DART in review of the plans including street crossings and utilities.

Ten additional key parcels were acquired in the station area during 2004-06, and structures will be cleared by yearend, and acquisition efforts continue. Art associated with the DART transit station was finalized in December 2005.

2. Continue coordination of the Tax Increment Financing (TIF) program and development of those areas.

All of the Mira Lago Phase I improvements will be completed by October 2006. Details of these improvements are outlined in the Engineering Department narratives. The bid for Mira Lago Phase II improvements was awarded on May 16, 2006; construction is scheduled to be completed by March 2007. Two new residential developments have been announced for the Peninsula Tract located south of LBJ Freeway and west of Luna Road.

The design of the public improvements to serve the first phase of development in the TIF No. 2 was suspended when the master development agreement was terminated in December 2005.

3. Complete development of the strategic plan, addressing short- and long-term

goals related to finance, economic development, redevelopment, neighborhood enhancement, public safety, infrastructure and capital planning, and educational partnerships.

The economic development strategic plan and the infrastructure and long-range capital needs assessment and associated financing alternatives have been presented to the City Council.

City Council and City staff met in an all-day planning work session in July 2006 to begin setting priorities, goals and objectives for addressing future issues. Identified in that session were the priorities of: 1) Financial Strength; 2) Corporate Magnet; 3) High Quality City Services, Facilities, and Infrastructure; 4) DART Rail Station; 5) Strategic Reinvestment; 6) High Quality Restaurants and Retail; 7) Leadership and Staff; 8) Improved Schools. These goals will be overlaid with the goals and objectives developed by staff in 2005, and a session will be set with City Council for further refinement as staff develops tactics and implementation strategies.

In addition, the City Council conducted a special budget and redevelopment workshop on April 17, 2006, at which time the Council also discussed priorities related to redevelopment, neighborhood enhancement and economic development. It was from this work session that the Branch Revitalization Task Force was developed, and the charge for the Community Watch Committee was expanded. As part of the new charge for the Community Watch Committee, a focus group involving more than 75 persons was held at the Community Recreation Center in June 2006.

4. Oversee the transfer of the administration of the municipal court from the Police Department to the Finance Department.

This objective was completed in October 2005 and is working successfully.

5. Implement procedures for record keeping and maintenance related to the historic Keenan Cemetery and begin to administer the cemetery's operations.

Staff has created a database of information about each plot, utilizing information provided by the Keenan Cemetery Association that will, in turn, be linked to the City's Geographic Information System (GIS). Staff has located each headstone using Geographic Positioning System (GPS) technology in preparation for merging this information with the Geographic Information System. The City Attorney has filed the document for the declaratory judgment, and is awaiting a response from the court on the naming of the ad litem.

6. Expand the performance measurement and benchmarking programs through the North Central Texas Council of Governments and with city departments and provide regular reports to City Council.

Following the completion of the in-depth regional municipal court and code enforcement studies, the North Central Texas Council of Government temporarily curtailed expansion of the regional performance measurement and benchmarking program. The benefits obtained from the program by the City were noteworthy, and city management staff continues to encourage NCTCOG to revive the program. The City has expanded into other performance measurement programs, both internally and including one with the City of Addison. Illustrations of the various benchmarking programs were included in the 2005-06 published budget document. City staff continues to explore areas appropriate for implementing additional benchmarking and performance measurement programs.

OTHER ACHIEVEMENTS IN 2005-06

1. Completion of two long-range planning work sessions between City Council and staff to develop City priorities and financing options, with a focus on development, redevelopment and revitalization.
2. Development of a viable financing plan for Fire Station No. 3 as well as a plan for additional capital improvement funding in fiscal year 2006-07.
3. Acquired two additional parcels and cleared, or preparing to clear, six parcels in the DART Station Area this year; relocated one homeowner.

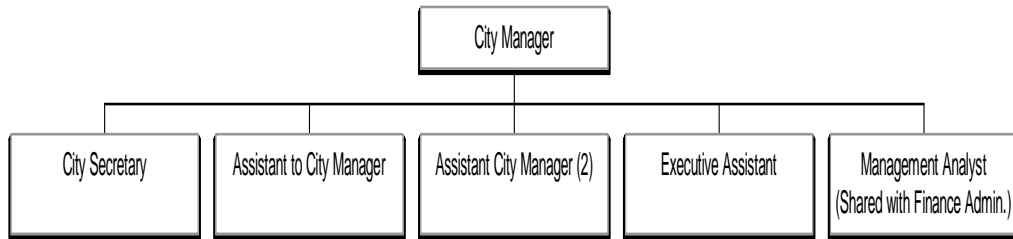
2006-07 OBJECTIVES

1. Continue work with City Council and staff on the refinement of the stated goals and objectives toward the development and implementation of the strategic plan.
2. Continue the process leading to development of the light rail station area in a manner consistent with the plan adopted by the City Council in 2002 and coordinate the planning, engineering, and development issues, including furthering public-private partnerships, to stimulate development.
3. Continue coordination of the Tax Increment Financing (TIF) program and development of those areas, as well as the development of a Public Improvement District for the West Side.
4. Work with the Branch Redevelopment Task Force to accomplish the goals as set forth by the City Council.
5. Work with the Community Watch Committee in neighborhood redevelopment and revitalization efforts.
6. Assist the School Community Relations Committee in building educational partnerships and working to improve the

quality of schools and education in Farmers Branch.

7. Complete the property transfer of the historic Keenan Cemetery and implement new operational standards, working with the Parks and Recreation Department and the Historical Preservation and Restoration Board.

Administration



GENERAL ADMINISTRATION SUMMARY	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	% CHANGE FROM AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$904,900	\$900,637	\$886,300	\$903,500	\$916,500	1.44%
<i>Supplies</i>	12,400	7,305	12,400	12,400	10,400	-16.13%
<i>Repairs & Maintenance</i>	300	0	300	300	2,300	666.67%
<i>Services</i>	29,900	29,839	29,900	30,200	30,200	0.00%
Total Department Budget	<u>\$947,500</u>	<u>\$937,781</u>	<u>\$928,900</u>	<u>\$946,400</u>	<u>\$959,400</u>	<u>1.37%</u>

COMMUNICATIONS

The responsibility of the Communications Division is to provide current and accurate information about the City of Farmers Branch. This information is presented to the citizens, newcomers, media, and City employees through the Branch Review, FBTV-Cable Channel 16, WPIW 1670 AM radio station, Internet, www.farmersbranch.info, personal contacts, e-mail news notifications (Branch Mail), video programs, news releases and advertising.

The Communications Division executes all public information campaigns for the City and serves as the media relations representative, both on a daily basis and in emergency situations. In addition, the division serves as a resource center for citizens, staff, civic groups, and the news media. The division provides support for the Sister City program, print jobs, and special print projects for departments and coordinates Student Government Day for both local high schools.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the division in the 2005-06 Budget.

1. Produce 12 bilingual monthly issues of the City's newsletter and explore alternative methods for more effective distribution of the Spanish edition.

Ten issues have been produced through July 2006. The translation of the Branch Review was converted to the publication "Good Neighbors," an extension of the "Be a Good Neighbor" program.

2. Produce the City's annual report for distribution in February 2006.

The annual report was produced and distributed in March 2006 in advance of the March 30th Community Meeting.

3. Produce the annual State of the City video and presentations for Community Meetings and Chamber of Commerce presentations.

The Metrocrest Chamber State of the City was presented on February 22, 2006. The State of the City video was presented at the Community Meeting on March 30, 2006. The Farmers Branch Chamber State of the City was presented on April 20, 2006.

4. Organize Student Government Days.

Student Government Day was held on March 6, 2006 for W.T. White High School and on April 3, 2006 for R.L. Turner High School.

5. Continue to expand the FBTV "Branch Bulletin" news program by involving more departments for informational stories, mirroring the information presented on AM radio and in the Branch Review, to maximize citizen information opportunities.

The "Branch Bulletin" new program airs at the bottom of almost every hour on FBTV and is updated monthly. In addition to current news and information on City activities, services and events, the program has begun to include feature stories from the Recreation Center, Library, and Fire Departments. Other departments will be incorporated as new shows move forward into production. The target will be to include 10-15 minutes of departmental news and information each month.

6. Produce a City calendar for 2006.

The 2006 calendar, "Growing in Farmers Branch," was delivered beginning December 15, 2005. Approximately 97% of the 3,000 printed copies were distributed.

7. Develop an initiative to market and enhance the "Branch Mail" system in order to provide more news, reminders, and updates to subscribers via the free e-mail news service.

"Branch Mail" is publicized on Farmers Branch Information Radio, FBTV and

on the Web site. Additional measures to promote the program are being planned for implementation August 31, 2006. Those measures will focus on the goals of maintaining current service levels with a target of 120 Branch Mail messages dispatched per year and increasing the number of subscribers to the service by ten percent.

8. Present a comprehensive, three-fold media relations training class for department heads and key personnel, to include media relations basics (with training manual), a media relations policy, and a backup PIO system within each department.

The media relations training class was held May 24, 2006 and will be offered to members of the City Council late summer 2006.

9. Evaluate various city media for communicating with various sectors of the community to achieve maximum effectiveness.

This evaluation will play a part in the upcoming Web site design overhaul and the migration of FBTV programming to a completely digital format with a greater emphasis on streaming video on the Internet.

10. Begin work with the Information Services Division to evaluate the City's Web site and plan for future design and implementation.

Staff began meeting with Information Services on this process, which is expected to take 12-18 months.

OTHER ACHIEVEMENTS IN 2005-06

In preparation for the annual production process for the 2006 State of the City video, staff fashioned a "field audio" unit consisting of an in-house produced boom microphone connected to a portable mixer. The total cost was less than \$200. A comparable professional-grade setup would have otherwise cost several thousand dollars.

2006-07 OBJECTIVES

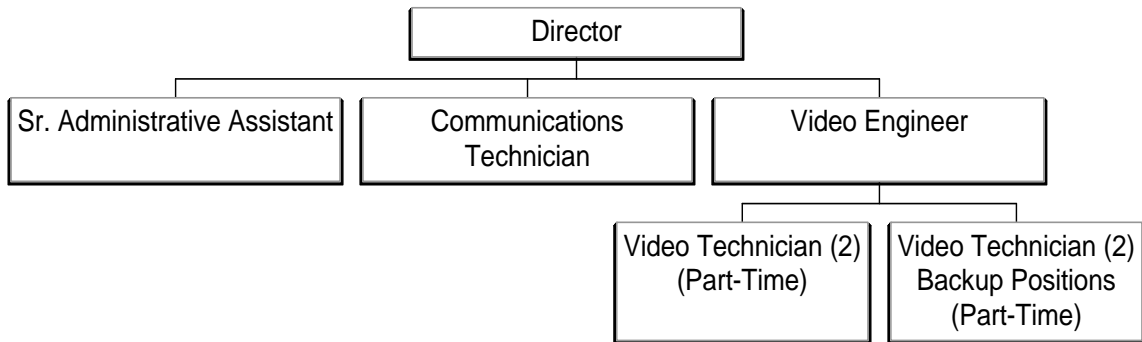
1. Produce 12 monthly issues of the City's newsletter, "The Branch Review," for direct mail in City water bills, expanding the scope to include business-related stories, updates on City services and issues in addition to news and information on upcoming events.
2. Introduce an annual half-page survey in "The Branch Review" to identify how citizens prefer to receive their Farmers Branch news and information.
3. Introduce an internal tracking system for logging news coverage and interpreting equivalent advertising value.
4. Produce the City's annual report according to a new publication schedule with production taking place in the fall for printing and distribution in January.
5. Produce the annual State of the City presentations for the Farmers Branch Chamber of Commerce in January 2007, the Metrocrest Chamber of Commerce in February 2007, and for presentation at Community Meetings and on FBTV during April and May 2007.
6. Continue to enhance the "Branch Mail" system with the goal of maintaining service levels by dispatching 120 "Branch Mail" messages per year and increasing the subscriber list by ten percent.
7. Produce and distribute a 2007 City calendar. Distribution will begin in December 2006 and will be complete by January 31, 2007.
8. Create a five-year timeline for maximizing the effectiveness of FBTV with concentration on the eventual move from cable TV to Internet streaming only. Include an examination of the frequency and duration of programs and the prospects for adding video-on-demand capability to the City's Web site in the coming years.

9. Work with Information Services staff to plan and implement a new design to the City's Web site.

BUDGET HIGHLIGHTS

1. Replacement of the 20-year-old TV camera system in City Council Chambers with a system that should address council meeting broadcast requirements for the next ten years.
2. Elimination of one currently unfilled part-time position.

Communications



COMMUNICATIONS SUMMARY	YEAR-END		ADOPTED	YEAR-END		% CHANGE FROM AMENDED
	AMENDED			AMENDED	ADOPTED	
	BUDGET	ACTUAL		BUDGET	BUDGET	
	2004-05	2004-05	2005-06	2005-06	2006-07	BUDGET
<i>Personal Services/Benefits</i>	\$304,300	\$304,617	\$309,400	\$312,900	\$319,200	2.01%
<i>Supplies</i>	12,800	12,858	22,100	22,100	22,700	2.71%
<i>Repairs & Maintenance</i>	10,500	10,180	5,700	5,700	5,700	0.00%
<i>Services</i>	43,500	42,347	57,200	57,200	66,300	15.91%
<i>Transfers</i>	0	0	0	0	37,000	N/A
Total Department Budget	\$371,100	\$370,002	\$394,400	\$397,900	\$450,900	13.32%

ECONOMIC DEVELOPMENT & TOURISM

The Economic Development & Tourism Office serves as the development representative for the City and is responsible for the attraction of business and industry both nationally and internationally, retention and expansion of existing business and industry, and promotion of local convention and tourism business. The office is a part of the Office of the City Manager.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the Economic Development office in the 2005-06 Budget.

Economic Development

1. Continue to implement an economic development strategy in the areas of attraction of business and industry, both nationally and internationally, and the retention and expansion of existing businesses.

In the most recent period ending December 2005, the City had received 166 new companies utilizing 2,010,149 square feet and employing 2,294 persons. Twenty-five expansions have occurred leasing 295,340 square feet. In 2004, the City had 160 companies leasing 1,494,050 with 1,976 jobs. Twenty-eight companies expanded. The leasing increase is 35% in 2005 over 2004.

2. Continue collaborative efforts with Brookhaven College on State of Texas Skills Development Fund.

Staff provided information to Essilor and Celanese for skills development training.

3. Coordinate TIF No. 1 and TIF No. 2 projects including annual board meetings and development.

The annual board meetings were completed on October 25, 2005 along with the annual reports.

4. Contact a minimum of 15 of the largest Farmers Branch companies as a component of the ongoing existing industry program.

Meetings were held with Essilor, IBM, Monotronics, Dallas Semi-Conductor, Celanese, Centex, Occidental Chemical, i2 Technologies, Stanley Mechanical Tools, Glazers, TD Industries, JP Morgan, Source and Coca Cola.

5. Contact a minimum of the ten largest sales tax companies.

This project was completed.

6. Revise economic development strategy.

The revised Economic Development and Tourism Strategic Plan was completed in September and presented to City Council on September 6, 2005.

7. Coordinate with the Planning Division on development of the 4 Corners Retail study.

The Request for Proposals will be distributed by fiscal year end by the Community Services Department.

Tourism

1. Review and update tourism marketing strategies in view of current economic conditions.

The Tourism Marketing Plan was completed in October 2005.

2. Place specific emphasis on development of SMERF (Sports, Military, Educational, Religious and Fraternal) markets.

Staff attended the Religious Conference Management Association trade show with two Farmers Branch hotels in

January 2006. The Religious Blitz was completed with four Farmers Branch hotels in January and April 2006. Staff attended TEAMS Conference in Florida in November 2005 resulting in 1,400 room nights for June and July 2006 booked for Premier Baseball.

3. Implement an aggressive association marketing strategy that includes the Dr Pepper StarCenter.

Ten corporate bookings were completed within the time period of October 2005 through May 2006 in the Conference Center with estimated revenue of \$8,400.00 (60% revenue to the City and 40% revenue to the Stars). Staff travels to Austin six times annually to call on Association business. Recent association bookings include Knight Templar 2008 State Convention, Women in Criminal Justice, Texas Criminal Defense Lawyers Association, Texas Rural Water Association and Lost Battalion 2007, Texas Association of Aging Programs, Texas Guardianship Association, Texas Focus Conference, Correctional Management Institute of Texas, Texas Seed Trade Association Independent Order of Odd Fellows Grand Lodge of Texas and Military Order of World Wars. The Farmers Branch StarCenter has held six ice-skating and hockey tournaments over the last year generating 2,406 room nights and \$193,000 in hotel room revenue for Farmers Branch hotels. The StarCenter reports they exceeded expectations by having in excess of 700,000 visitors to the complex in their first year of operation.

OTHER ACHIEVEMENTS IN 2005-06

1. Participated in the Beijing International Tour and Travel Market (BITTM), organized by the Texas Governor's Office, Economic Development and Tourism, in Beijing and Shanghai, China April 3 – 7, 2006. BITTM is the first trade show in which the Governor's Office participated.

2. Initiated a marketing contract to explore branding opportunities for the North Dallas Design District.

2006-07 OBJECTIVES

Economic Development

1. Continue to implement the economic development strategy in the areas of attraction of business and industry, both nationally and internationally, and the retention and expansion of existing businesses.
2. Continue collaborative efforts with Brookhaven College on State of Texas Skills Development Fund.
3. Coordinate TIF No. 1 and TIF No. 2 projects including annual board meetings and development.
4. Contact a minimum of 15-second tier of the largest Farmers Branch companies or DFW developers.
5. Contact a minimum of 10 out of the top 30 sales tax companies.
6. Coordinate economic development strategy with the Branch Revitalization Task Force.
7. Coordinate with the Planning Division on development of the 4 Corners Retail study.
8. Evaluate the marketing study completed for branding ideas for the North Dallas Design District and make recommendations for implementation.

Tourism

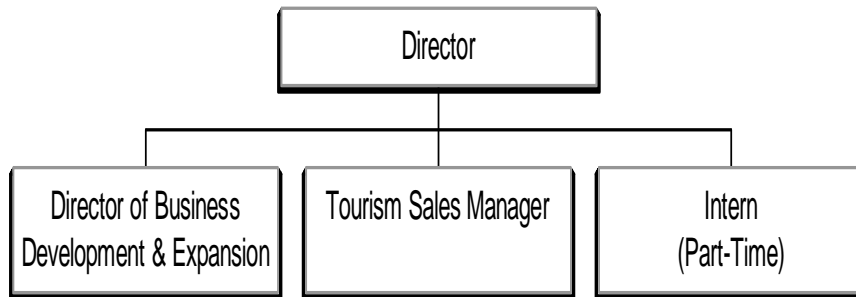
1. Review and update tourism marketing strategies.
2. Continue to place specific emphasis on development of SMERF (Sports, Military, Educational, Religious and Fraternal) markets.

3. Continue an aggressive marketing strategy that includes the Dr Pepper StarCenter.

BUDGET HIGHLIGHTS

Increased the Convention Center budget to include monies for restaurant supplies, door and stanchions.

Economic Development & Tourism



ECONOMIC DEVELOPMENT SUMMARY	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	% CHANGE FROM AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$245,100	\$245,979	\$251,800	\$255,200	\$264,000	3.45%
<i>Supplies</i>	8,600	4,324	8,600	8,600	8,600	0.00%
<i>Services</i>	60,500	26,238	63,500	63,500	64,000	0.79%
Total Department Budget	<u>\$314,200</u>	<u>\$276,541</u>	<u>\$323,900</u>	<u>\$327,300</u>	<u>\$336,600</u>	<u>2.84%</u>

HUMAN RESOURCES

The responsibilities of the Human Resources Department are to develop, implement, and administer human resource programs and services to meet the City's needs. Services provided include: recruiting and testing individuals to fill vacancies; policy and procedure development; maintaining personnel files; managing the City's compensation and benefit plans; fostering a positive employee relations environment; developing and implementing citywide training and development programs; and, assuring compliance with all federal, state, and local regulations.

The Risk Management Section of the department is responsible for the design, implementation, and management of loss control, claims management, workers' compensation, and property and casualty insurance programs.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Implement a disease management program to enhance the City's Employee Wellness Program.

Specific programs are in place for over 20 chronic conditions such as asthma, diabetes, and cardiovascular disease that will allow for development of personalized intervention plans. Employees who would benefit from the programs are receiving information and program assistance that will improve their health and possibly lower potential claims.

2. In partnership with the Finance Department, develop, finalize and begin implementation for compliance with the Governmental Accounting Standards Board (GASB).

Actuarial analysis of the liability and options for its reduction has been

completed. On April 17th recommendations were presented to Council. Recommendations will be implemented effective January 1, 2007 to reduce the liability associated with retiree health care benefits while minimizing the impact on current retirees and employees.

3. Develop and implement changes to Workers' Compensation policies and procedures to comply with changes that were passed in the 2005 session of the State Legislature.

Staff is currently working with the City's workers' compensation vendor, Texas Municipal League, to identify doctors that will create a closed network for employees to obtain medical care for work injuries and illnesses. Once fully constructed, the closed network of doctors will ensure greater control, higher quality of care, lower costs, and better outcomes.

4. Implement vendor consolidation of 457 Deferred Compensation Plans and FICA Alternative Plan.

Following general and departmental meetings with employees, conversion to a single vendor, The Hartford, successfully took place February 9, 2006.

5. Conduct a request for proposal (RFP) process for employee life, accidental death and dismemberment, vision, and supplemental insurance.

Proposals were received and interviews with potential vendors were held in July. Recommendations from staff will be submitted to Council in August with Open Enrollment scheduled for mid-October.

6. Implement Safety Incentive Program for high-risk employees to decrease the number and cost of accidents.

The City's current safety practices and procedures have been formalized and reviewed by departments and City management. The structure of the Safety Incentive Program is currently being designed and the expected rollout of the program is August 2006.

OTHER ACHIEVEMENTS IN 2005-06

1. Conducted comprehensive compensation and benefits survey for public safety personnel, presented findings and recommendations to City management and Council, and implemented approved recommendations.
2. Implemented next level of Consumer-Driven Health Plan model design through the introduction of Health Saving Account plan designs in an effort to help control rising employee and retiree health care costs that resulted in a reduction of over 4% for the City's cost for employee health insurance.
3. Designed and implemented plan to convert retirees over age 65 from a group medical plan to a Medicare supplement plan with American Association of Retired Persons (AARP) that resulted in retirees receiving an improved level of benefits with a reduced premium.
4. Improved participation in City's Wellness Program by over 200% from 75 to 250 participants through program expansion in cooperation with RHD Medical Center and the City's Recreation Center. Increased program promotion and introduced a health insurance premium incentive.
5. Introduced a web-based training program that streamlined valuable information to employees and new hires in a cost efficient manner and on a timely basis.
6. Created a Wellness Committee to further stimulate Wellness Program success.

7. Expanded Internet recruitment for key positions through job search vendors such as Monster.com to increase the quantity and quality of candidate pools.

2006-07 OBJECTIVES

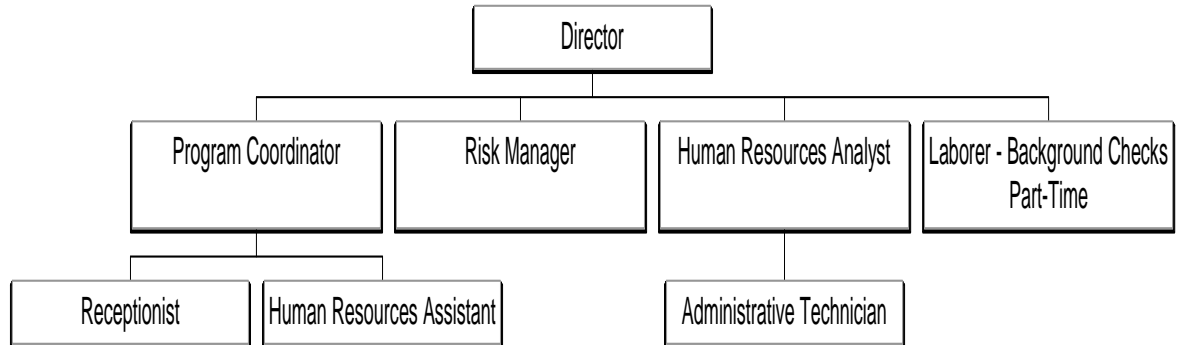
1. Design and implement approved changes to retirement healthcare benefit including establishment of Retirement Health Savings (RHS) Plan vehicle and requirement of new employees to contribute to a Retirement Health Savings Account (RHS) Plan.
2. Explore and make recommendation to management on possible partnership with Public Employees Benefit Alliance to reduce cost of retiree health insurance premiums.
3. Create employee committees to review and revise City's Performance Management system that will standardize processes across departments and incorporate the City's mission, vision, strategies and values into the performance management process.
4. Expand the City's Wellness Program by creating an employee incentive involving dependent participation.
5. Finalize and introduce the Safety Incentive Program to encourage and promote safety practices and procedures among City employees.
6. Monitor the efforts of the Texas Municipal Retirement System to examine funding and benefits and subsequent legislative changes designed to provide participating cities with funding flexibility of pension liabilities, and provide updates to Council.

BUDGET HIGHLIGHTS

1. Increased funding for recruitment of difficult to fill positions through the Internet.

2. New program for conducting Police Officer and Firefighter background verifications, which will allow Police Department personnel to spend more time on criminal investigations and improve timelines for finalizing results.

Human Resources



HUMAN RESOURCES SUMMARY	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	% CHANGE FROM AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$566,400	\$549,022	\$555,500	\$564,400	\$592,900	5.05%
<i>Supplies</i>	30,200	27,947	29,900	29,900	29,900	0.00%
<i>Repairs & Maintenance</i>	800	64	0	0	600	N/A
<i>Services</i>	97,700	81,093	101,200	121,200	136,300	12.46%
<i>Transfers</i>	0	0	0	0	0	0.00%
Total Department Budget	<u>\$695,100</u>	<u>\$658,126</u>	<u>\$686,600</u>	<u>\$715,500</u>	<u>\$759,700</u>	<u>6.18%</u>

FINANCE

The Finance Department consists of five divisions: Administration, Accounting, Information Services, Purchasing, and Municipal Court. The department is dedicated to providing quality financial and information services to achieve internal and external customer satisfaction in a manner that is effective, efficient, equitable, and courteous. This is accomplished by maintaining a work atmosphere that promotes integrity, accountability, and professional staff development and innovation while complying with professional standards, City policy, and the law.

The responsibilities of the department are to develop and implement financial accounting policies and procedures; to contract for the purchase of goods and services in compliance with City policies and State laws; to protect and optimize the financial resources of the City; to provide a sound accounting system for safeguarding the City's assets through the recording and reporting of financial transactions in a manner consistent with Generally Accepted Accounting Principles (GAAP) and legally mandated standards; to schedule trials and the adjudication of those legal matters within its jurisdiction; collect and process fines assessed by the court; and, issue arrest warrants.. In addition, this department serves all users of the City's PC based and mini AS/400 based computer systems, Geographical Information System (GIS), and telephone system.

The departmental goals are to participate in the development of sound fiscal policies; to provide sound fiscal management for the City; to maintain a high credit bond rating; and, to provide for the management and investment of available funds consistent with criteria for safety, liquidity, and rate of return.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Retain the Certificate of Achievement for Excellence in Financial Reporting.

The City received the Certificate of Achievement for Excellence in Financial Reporting for the 2004 fiscal year audit and the 2005 fiscal year audit has been submitted for this award.

2. Retain the GFOA Distinguished Budget Award.

The City received the GFOA Distinguished Budget Award for the 2005-06 fiscal year budget.

3. Assist departments with implementation of new hardware and software.

Assistance is being provided to departments with the implementation of new VOIP (Internet) phones in remote locations to reduce costs.

4. Continue modernization and streamlining for continuity in purchasing.

Interlocal purchasing agreements with the Town of Addison and City of Plano have been approved by City Council to help realize volume purchasing discounts and joint contracting for photographic red light enforcement.

5. Conduct operational reviews to identify areas of opportunities for potential cost savings or revenue enhancements.

A request for proposal to operate the City's landfill is under development.

6. Evaluate methods to improve municipal court collection rates.

The City Council has approved a delinquent collection service contract to improve collection rates.

7. Evaluate options to reduce the City's financial liability for post-retirement health benefits.

The City Council has approved plans to significantly reduce the City's financial liability for post-retirement health

benefits by sharply reducing the benefit for new employees and adding a ten-year vesting requirement for existing employees.

8. Explore opportunities to expand wireless Internet access within the City.

MobilePro was selected as a public-private partner to install and operate a wireless citywide network. Hardware installation has begun on TXU electric poles and on select city facilities. The system is scheduled to be complete in August 2006.

OTHER ACHIEVEMENTS IN 2005-06

The Municipal Court Division was transferred to Finance on October 1, 2005.

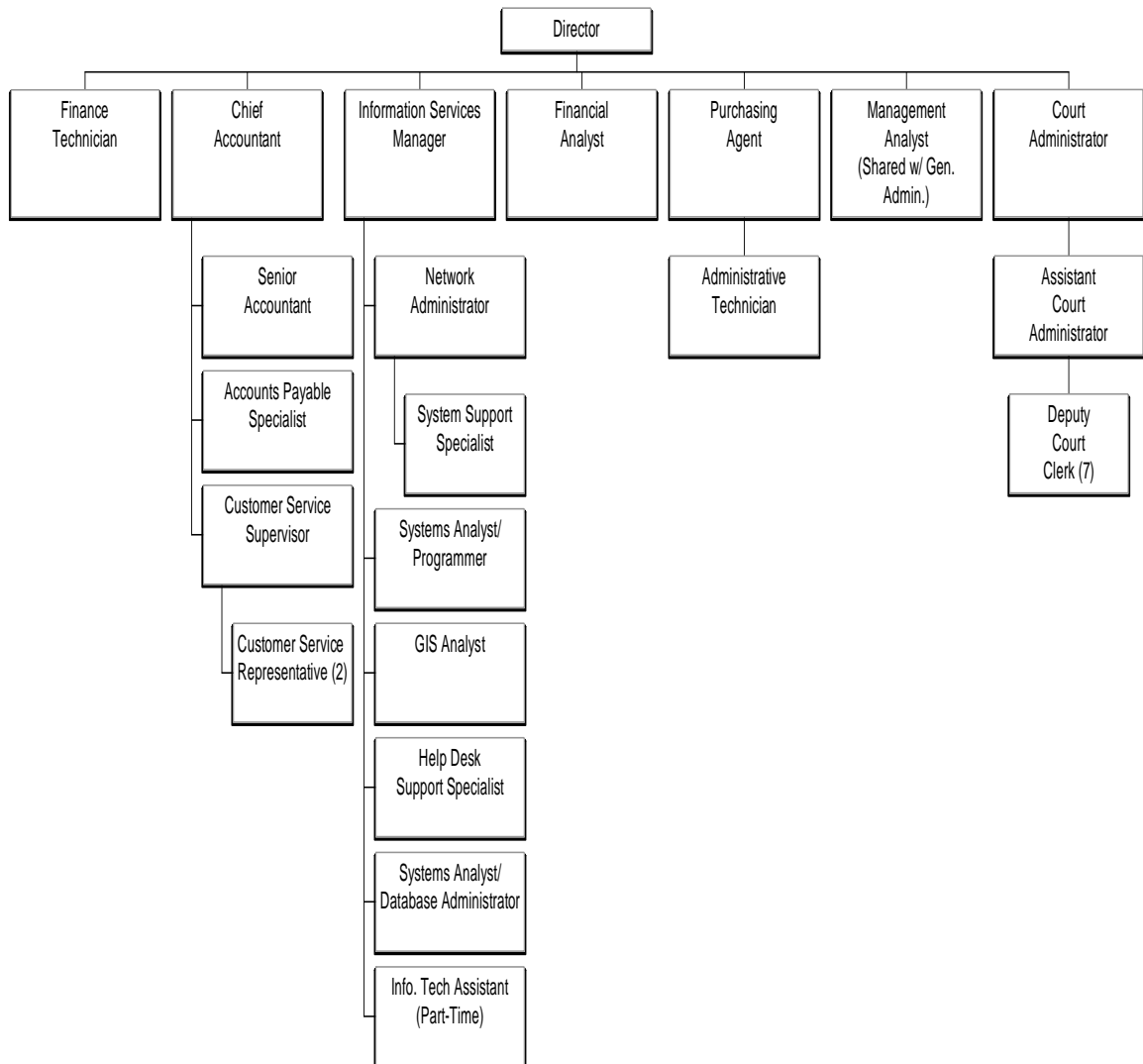
2006-07 OBJECTIVES

1. Retain the GFOA Certificate of Achievement for Excellence in Financial Reporting.
2. Retain the GFOA Distinguished Budget Award.
3. Assist departments with implementation of new hardware and software.
4. Continue modernization and streamlining for continuity in purchasing.
5. Continue to explore opportunities to expand wireless Internet access within the City.
6. Evaluate methods to improve municipal court collection rates.
7. Coordinate efforts to renew a fair and reasonable water contract with the City of Dallas.

BUDGET HIGHLIGHTS

1. Citywide software upgrade to Microsoft Office 2007.
2. Replacement of the City's uninterruptible power system.
3. Implementation of automated ticket writers in the Police Department.

Finance



FINANCE SUMMARY	YEAR-END AMENDED		ADOPTED BUDGET 2005-06	YEAR-END AMENDED		% CHANGE FROM AMENDED BUDGET
	BUDGET 2004-05	ACTUAL 2004-05		BUDGET 2005-06	ADOPTED BUDGET 2006-07	
<i>Personal Services/Benefits</i>	\$2,056,400	\$2,035,074	\$2,048,800	\$2,061,000	\$2,117,900	2.76%
<i>Purchased Prof & Tech Services</i>	214,100	198,647	215,100	215,100	216,600	0.70%
<i>Supplies</i>	149,300	140,982	217,800	217,800	244,500	12.26%
<i>Repairs & Maintenance</i>	229,300	231,901	254,300	254,300	271,500	6.76%
<i>Services</i>	128,100	114,656	126,900	126,900	112,800	-11.11%
<i>Transfers</i>	50,000	50,000	25,000	25,000	55,000	120.00%
Total Department Budget	<u>\$2,827,200</u>	<u>\$2,771,260</u>	<u>\$2,887,900</u>	<u>\$2,900,100</u>	<u>\$3,018,300</u>	<u>4.08%</u>

SUMMARY BUDGET CATEGORIES

	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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FINANCE ADMINISTRATION

<i>Personal Services/Benefits</i>	\$341,200	\$341,919	\$350,500	\$356,800	\$364,600
<i>Purchased Prof & Tech Services</i>	204,200	192,627	205,200	205,200	206,700
<i>Supplies</i>	14,900	10,345	10,900	10,900	10,900
<i>Services</i>	19,300	15,930	19,000	19,000	19,000
Total Budget	<u>\$579,600</u>	<u>\$560,821</u>	<u>\$585,600</u>	<u>\$591,900</u>	<u>\$601,200</u>

INFORMATION SERVICES

<i>Personal Services/Benefits</i>	\$647,200	\$632,501	\$655,000	\$671,400	\$685,300
<i>Supplies</i>	101,200	100,846	176,200	176,200	191,700
<i>Repairs & Maintenance</i>	228,300	230,860	253,300	253,300	270,500
<i>Services</i>	59,700	60,362	59,700	59,700	43,700
<i>Transfers</i>	50,000	50,000	25,000	25,000	55,000
Total Budget	<u>\$1,086,400</u>	<u>\$1,074,569</u>	<u>\$1,169,200</u>	<u>\$1,185,600</u>	<u>\$1,246,200</u>

ACCOUNTING

<i>Personal Services/Benefits</i>	\$402,400	\$403,667	\$417,100	\$415,300	\$424,100
<i>Supplies</i>	12,300	12,394	12,300	12,300	12,300
<i>Repairs & Maintenance</i>	1,000	1,041	1,000	1,000	1,000
<i>Services</i>	33,200	27,562	32,300	32,300	32,300
Total Budget	<u>\$448,900</u>	<u>\$444,664</u>	<u>\$462,700</u>	<u>\$460,900</u>	<u>\$469,700</u>

PURCHASING

<i>Personal Services/Benefits</i>	\$123,600	\$125,034	\$128,400	\$130,100	\$131,700
<i>Supplies</i>	2,300	1,427	2,300	2,300	2,300
<i>Services</i>	9,000	6,985	9,000	9,000	9,000
Total Budget	<u>\$134,900</u>	<u>\$133,446</u>	<u>\$139,700</u>	<u>\$141,400</u>	<u>\$143,000</u>

MUNICIPAL COURT

<i>Personal Services/Benefits</i>	\$542,000	\$531,953	\$497,800	\$487,400	\$512,200
<i>Purchased Prof & Tech Services</i>	9,900	6,020	9,900	9,900	9,900
<i>Supplies</i>	18,600	15,970	16,100	16,100	27,300
<i>Services</i>	6,900	3,817	6,900	6,900	8,800
Total Budget	<u>\$577,400</u>	<u>\$557,760</u>	<u>\$530,700</u>	<u>\$520,300</u>	<u>\$558,200</u>

COMMUNITY SERVICES

The Community Services Department is comprised of three divisions: Administration, Building Inspection, and Environmental Health.

The Community Services Administration Division oversees the operations of the department and houses the City's planning activities. The division manages the City's land development process and coordinates the long-range comprehensive planning process. The division processes development applications, provides technical support to the Planning and Zoning Commission and City Council, maintains the Comprehensive Plan, prepares ordinances, and conducts special land use and demographic studies as necessary.

The Building Inspection Division primarily administers and enforces the City's various construction codes, minimum housing code, property maintenance code, and zoning regulations. The City's Code Enforcement Program is operated under this division. The division reviews construction plans, issues permits, pursues the abatement of nuisances, and conducts a broad range of on-site inspections related to the regulations it is charged with enforcing.

The Environmental Health Division administers a range of public and environmental health programs, is actively involved in remediation of soil/air/groundwater contamination, and manages the City's animal control program. The division regulates food service establishments, industrial wastewater discharges, and public and semi-public swimming pools. The division also manages the City's health services contract with the Dallas County Health Department. Other responsibilities include hazardous material spill response, mosquito population control, and enforcing noise regulations.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Complete the comprehensive residential property conditions survey.

Although attempts to coordinate a third-party survey with other cities proved unsuccessful, staff was able to complete an in-house survey. The results of the property conditions report will be presented to City Council at the annual code enforcement performance measures and benchmarking programs update in August 2006.

2. Develop a property maintenance/code enforcement education class for the Citizens Police Academy.

The code enforcement education program "Be A Good Neighbor" was introduced. The 2006 Citizen's Police Academy includes a session to address code enforcement.

3. Develop a tool loaning program (using Parks Department equipment scheduled for auction) as an incentive and a service for residents that do not have proper equipment for property maintenance.

At the end of the budget year the Parks Department will be releasing mowers, edgers, and string line trimmers. A minimum of one of each of these will be kept and maintained by the "Tool Loaner" program.

4. Complete and submit the City's Storm Water Management Plan and permit application to the TCEQ to comply with requirements of the Phase II Storm Water Program.

The Texas Commission on Environmental Quality (TCEQ) has again delayed issuance of its general permit, likely until September 2006. The City's storm water management plan and permit application will be ready for submittal to the State within the required six-month timeframe following the TCEQ's action.

5. Investigate the feasibility of establishing a storm water utility fee to fund the Phase II Storm Water Program.

The program's feasibility will be evaluated once the City's storm water management plan and permit application have been approved by the Texas Commission on Environmental Quality (TCEQ).

6. Coordinate with the Texas Commission on Environmental Quality (TCEQ) for timely investigation and remediation of environmental projects.

Additional investigation and remediation activities have been conducted in the vicinity of 14300 Josey Lane; the former St. Stephens dry cleaner site is expected to receive closure before the end of the calendar year; engineering design for erosion control measures at Wellmark (formerly Zoecon) began in June 2006; the TCEQ has agreed to further remediation efforts at the former Teximar Texaco site located adjacent to Fire Station #1; and progress has been made in the investigation and remediation of soil and groundwater in the vicinity of the Univar site at 4707 Alpha Road.

7. Conduct Environmental Protection Agency/Texas Commission on Environmental Quality (EPA/TCEQ) required environmental training for employees who utilize the Senlac Service Center complex.

Required training has been completed for all employees with the exception of Fire and Police. These departments will be trained by the end of the fiscal year.

8. Conduct six bite prevention education classes in schools or day care facilities.

Staffing shortages precluded bite prevention education classes from being conducted during the first half of the fiscal year. Staff has since refined the education curriculum and classes are currently being scheduled.

9. Substantially complete the form-based code for the West Side.

Work on the West Side Code is progressing on schedule. The third stakeholders' meeting was held in May 2006. The code is projected to be ready for City Council consideration and action in August 2006.

10. Complete an initial phase of key amendments to the Comprehensive Zoning Ordinance to improve its quality and utility.

This objective has been achieved. City Council approved the initial phase of key amendments to the Comprehensive Zoning Ordinance in November 2005.

11. Prepare a retail sustainability implementation strategy for the "Four Corners" shopping centers located at the intersection of Valley View Lane and Josey Lane.

Staff completed an addendum to the "Four Corners" report originally issued in December 2004, which updates key information and recommends specific action. A Revitalization Task Force has been appointed to study and offer additional recommendations related to the Four Corners by the end of the calendar year. A Request For Qualifications (RFQ) has been prepared to solicit prospective consultants.

12. Investigate the use of portable, hand-held, data entry devices to assist code enforcement officers in conducting field inspections and improve the overall efficiency of the Code Enforcement Program.

It was determined that the hardware and software requirements for Police Department units will not meet the needs of the Code Enforcement program. Staff is evaluating multiple options for remote data entry and improved automation of enforcement processes. Two companies have

provided preliminary costs estimates for stand-alone systems.

OTHER ACHIEVEMENTS IN 2005-06

1. The Planning Division received the American Planning Association Information Technology award at the national conference in San Antonio in April 2006.
2. At its October 2005 annual conference the Texas Chapter of the American Planning Association awarded the Planning Division five awards including: Community of the Year; Commissioner of the Year; Current Planning; Project Planning and Student Award. Additionally, the Planning Division was recognized as a recipient of the 2005 Planning Excellence Award.
3. Re-zoning of the 800-acre Mercer Crossing development on the West Side is scheduled to be complete by year-end.
4. New regulations were implemented limiting vehicle parking and vehicle sales in residential neighborhoods.
5. Code Enforcement inspection practices were modified to include early morning, late evening and weekend residential inspection schedules to more effectively identify and correct problems not typically evident during weekday business hours.
6. Two Environmental Health employees completed Department of Homeland Security-sponsored radiological response training related to Weapons of Mass Destruction (WMD) preparedness.
7. The Environmental Health Manager obtained a license as a Mold Assessment Consultant, required to assess and remediate mold in public, residential, and multi-family buildings.
8. In conjunction with the Fire Department, Environmental Health staff developed a Pandemic Influenza Preparedness Plan.

9. Environmental Health staff participated in the North Central Texas Council of Government's Phase II Storm Water program and assisted in the development of a storm water pollution prevention video for local governments.

2006-07 OBJECTIVES

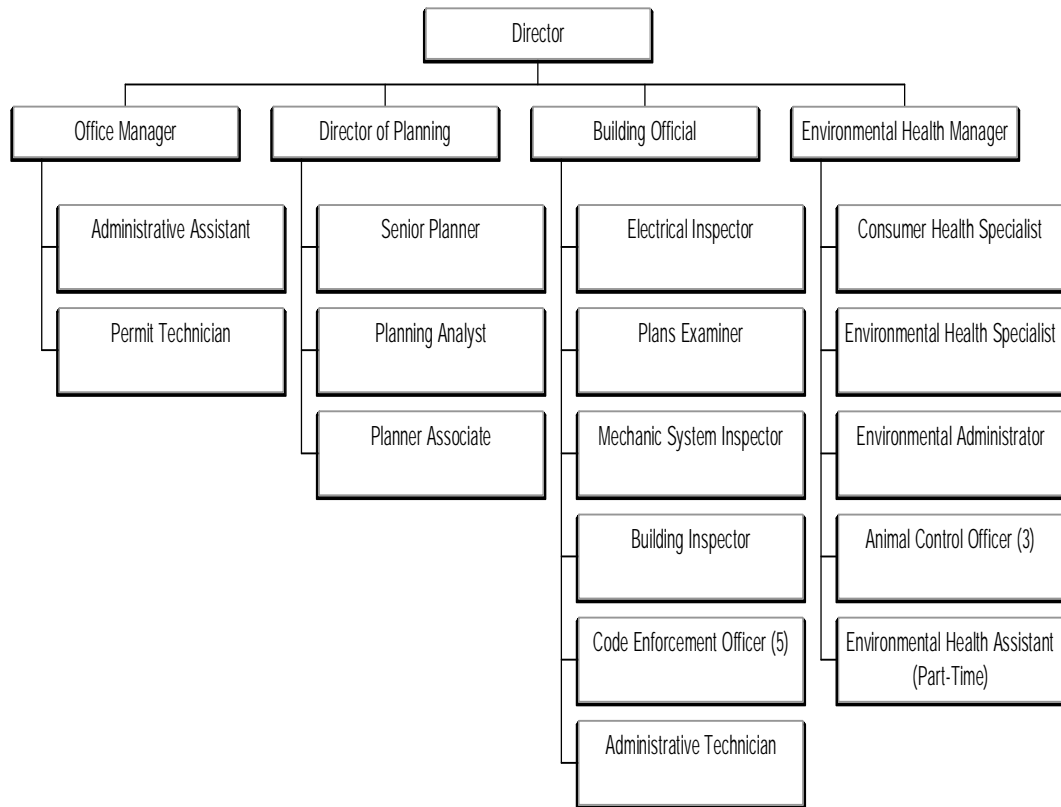
1. Retain a consultant team to conduct a market study, assist with the development of a vision, and formulate a program of action for the "Four Corners" area.
2. Complete the second phase of Comprehensive Zoning Ordinance amendments.
3. Present a gas well drilling ordinance to City Council for consideration.
4. Submit the City's Storm Water Management Plan and permit application to the TCEQ to comply with requirements of the Phase II Storm Water Program.
5. Conduct radiological response refresher training for Fire, Police, and Environmental Health.
6. Develop a government continuity plan for the Community Services Department and assist other departments in developing similar plans in response to emergency situations.
7. Conduct six bite prevention education classes in schools or day care facilities.
8. Expand the Environmental Health Division Web site to include new information and links related to pandemic influenza response and Phase II Storm Water programming.
9. Implement "Tool Loaner" program with lawn maintenance tools.
10. Present code enforcement class as part of the Citizens Police Academy.

11. Implement updated software for handheld data entry devices for code enforcement.
12. Review code enforcement strategic plan and update where necessary.

BUDGET HIGHLIGHTS

1. New roof for the Animal Shelter.
2. Replacement of mosquito sprayer equipment.
3. Document scanning services to archive plats.
4. Code Enforcement field equipment and tracking software.
5. Replacement of two vehicles.
6. Asbestos survey and management plan for Fire Station No. 2.

Community Services



COMMUNITY SERVICES SUMMARY	YEAR-END AMENDED		ADOPTED BUDGET 2005-06	YEAR-END AMENDED		% CHANGE FROM AMENDED BUDGET
	BUDGET 2004-05	ACTUAL 2004-05		BUDGET 2005-06	ADOPTED BUDGET 2006-07	
<i>Personal Services/Benefits</i>	\$1,834,900	\$1,768,075	\$1,891,400	\$1,868,400	\$2,053,500	9.91%
<i>Supplies</i>	57,400	55,904	55,000	61,300	75,200	22.68%
<i>Repairs & Maintenance</i>	30,600	33,349	30,400	33,800	34,200	1.18%
<i>Services</i>	254,300	249,615	194,600	198,300	224,400	13.16%
<i>Transfers</i>	0	0	39,000	110,700	113,500	2.53%
Total Department Budget	<u>\$2,177,200</u>	<u>\$2,106,943</u>	<u>\$2,210,400</u>	<u>\$2,272,500</u>	<u>\$2,500,800</u>	<u>10.05%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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COMMUNITY SERVICES ADMIN.

<i>Personal Services/Benefits</i>	\$630,300	\$629,638	\$644,900	\$657,400	\$670,300
<i>Supplies</i>	13,300	12,619	13,800	16,100	15,400
<i>Repairs & Maintenance</i>	3,100	2,523	500	2,300	1,300
<i>Services</i>	98,500	93,531	67,600	67,600	83,700
Total Budget	<u>\$745,200</u>	<u>\$738,311</u>	<u>\$741,800</u>	<u>\$758,400</u>	<u>\$776,400</u>

BUILDING INSPECTION

<i>Personal Services/Benefits</i>	\$710,700	\$713,081	\$724,900	\$721,700	\$846,400
<i>Supplies</i>	18,900	17,163	18,900	20,200	31,200
<i>Repairs & Maintenance</i>	11,500	14,382	11,500	12,600	17,800
<i>Services</i>	26,500	27,716	28,100	29,400	33,600
Total Budget	<u>\$767,600</u>	<u>\$772,342</u>	<u>\$783,400</u>	<u>\$828,900</u>	<u>\$954,600</u>

ENVIRONMENTAL HEALTH

<i>Personal Services/Benefits</i>	\$493,900	\$425,356	\$521,600	\$489,300	\$536,800
<i>Supplies</i>	25,200	26,122	22,300	25,000	28,600
<i>Repairs & Maintenance</i>	16,000	16,444	18,400	18,900	15,100
<i>Services</i>	129,300	128,368	98,900	101,300	107,100
<i>Transfers</i>	0	0	24,000	50,700	82,200
Total Budget	<u>\$664,400</u>	<u>\$596,290</u>	<u>\$685,200</u>	<u>\$685,200</u>	<u>\$769,800</u>

ENGINEERING

The Engineering Department is directed by the City Engineer and consists of a staff of engineers, a landscape architect, technicians, inspectors, and administrative personnel. The department consists of two divisions: Engineering and Traffic.

The Engineering Division plans, programs, and administers design of infrastructure improvements related to water distribution, sanitary sewer collection, streets, drainage, and creeks. This division is also responsible for construction inspection and administration of all capital improvements. This division administers platting and permitting. Also within the Engineering Division is the landscape architect who performs and/or coordinates all programming and design of landscape, irrigation, and recreational improvements on City property.

The Traffic Division is responsible for planning and programming of traffic and thoroughfare improvements; evaluation of the impact of new developments; coordination of transportation planning activities with other governmental agencies; and, operation and maintenance of the traffic signal and school flasher systems within the City.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2006-07 Budget.

1. Continue participation in the planning and implementation of infrastructure improvements associated with TIF No. 1 including completion of the construction of the following public improvements:

All of the Mira Lago Phase I improvements will be completed by October 2006. The street and utilities were completed in September 2005; the streetlights will be installed in July and August 2006; and the pedestrian and associated amenities are scheduled to be completed in September 2006. The bid

for Mira Lago Phase II improvements was awarded on May 16, 2006; construction is scheduled to be completed by March 2007. Mercer Parkway from Valley View Lane to 300 feet east of Luna Road was completed in May 2006; the streetlight installation is scheduled to be completed in July 2006; the median enhancements are scheduled to be installed this fall with completion scheduled for Spring 2006. The Luna Road lift Station is scheduled for completion in June 2006.

2. Continue participation in the planning and implementation of infrastructure improvements associated with TIF No. 2 including completion of the design of the public improvements to serve the first phase of development.

The design of the public improvements to serve the first phase of development in the TIF No. 2 was suspended when the master development agreement was terminated in December 2005.

3. Continue active participation with DART to insure that the station is planned to meet the transportation and development needs of the City, to provide a positive impact on the community, and to bring rail service to Farmers Branch in 2010.

The design of the DART light rail line to Farmers Branch has begun. Art associated with the transit station was approved in December 2005. The Federal Transit Administration signed the full funding agreement with DART in the amount of \$700,000,000 for the Northwest Corridor light rail transit line. Staff is involved in the review of the plans including street crossings and utilities. Construction is scheduled to begin in 2007 with completion scheduled for 2010.

4. Continue to represent the City's interests with the Texas Department of Transportation in the design and construction of improvements to IH635 and IH35E.

Staff continues to work closely with TxDOT in the design of the IH635 and IH35E improvements. TxDOT is scheduled to approve an agreement in 2007 with a vendor for design, construction, maintenance, and operation of the IH635 managed lanes and ramp connections with IH35E south to the Loop 12. Construction is expected to take place from 2008 to 2014. TxDOT plans to begin right-of-way acquisition along IH35E north of IH635 in 2008. The design and construction of improvements to IH35E is not expected to begin until after 2010; however, staff continues to work with TxDOT in the development of the schematic design.

5. Assist in the coordination and planning of the City's long-term capital improvement plan.

Staff has presented to the City Council the projects recommended for inclusion in the long-term capital improvement plan with information on funding strategies. Staff will continue to work with the City Council to refine the scope of the projects, set priorities, and develop funding strategies for City Council consideration.

OTHER ACHIEVEMENTS IN 2005-06

1. Projects completed:
Mira Lago Phase I Public Improvements (street, utilities, streetlights, pedestrian amenities) (TIF #1)
Mercer Parkway (paving, utilities, streetlights) from Valley View Lane to 300' East of Luna Road (TIF #1)
Luna Road Lift Station (TIF #1 Project)
Braemar Circle Reconstruction
Sanitary Sewer and Water Line Replacement at thirteen locations
Traffic Signals at Valley View/Bush Turnpike and Valley View/Hutton
Mallon Park Lake Dredging and Wall Repair
Bee Street Sidewalks
Morningstar Park – playground renovations

Third Pump Station in the Water Distribution System
Longmeade Drive Reconstruction

2. Projects under construction or to be under construction in 2006-07:
Mira Lago Phase II Public Improvements (street, utilities) (TIF #1)
2005-06 Street Resurfacing
Paint Elevated Water Tank at Belt Line Road and Marsh Lane
Sanitary Sewer Protection near Lost Valley
Sanitary Sewer and Water Line Improvements at nine locations
Valley View Widening
3. Projects under design in 2006-07:
Park Bridge Road Bridge
Mercer Parkway east of Luna (TIF #1)
2006-07 Street Resurfacing
Valwood Lift Station (redesign)
Sanitary Sewer Protection near Rockmartin Drive

2006-07 OBJECTIVES

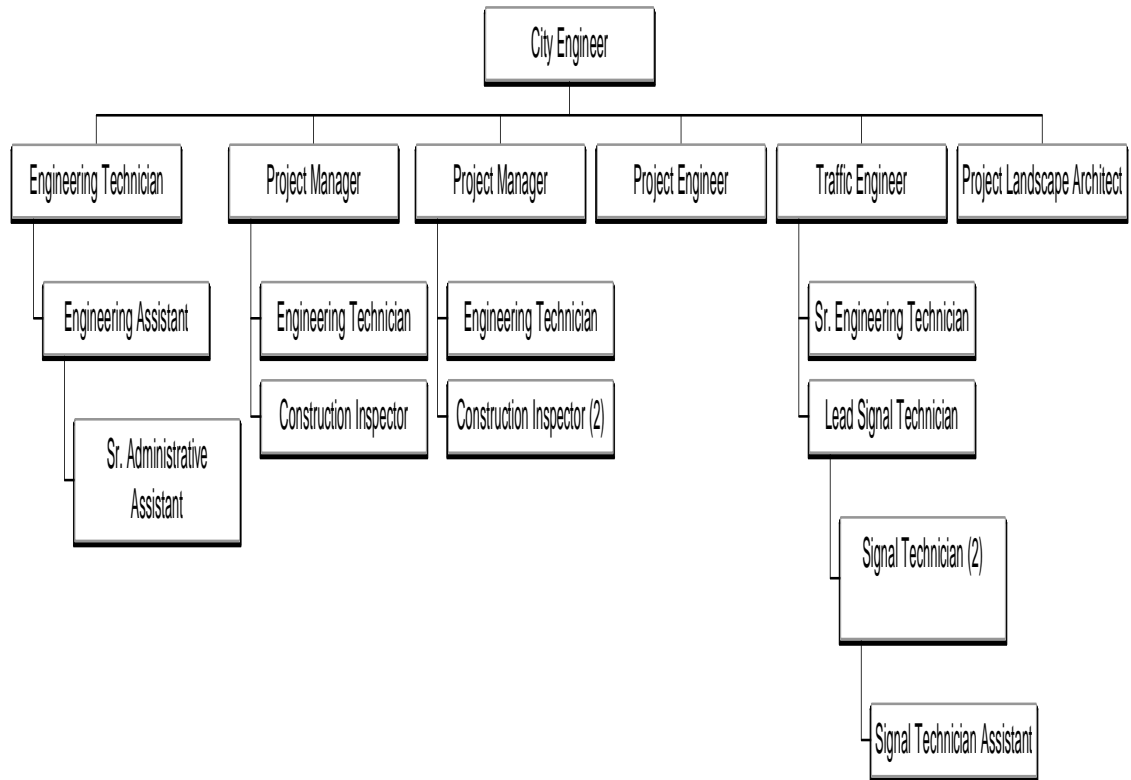
1. Continue participation in the planning and implementation of infrastructure improvements associated with Tax Increment Financing Districts Number One and Two.
2. Participate in creation of a public improvement district to accelerate funding and construction of West Side infrastructure improvements needed for development.
3. Continue active participation with DART to insure that the station is planned to meet the transportation and development needs of the City and provide a positive impact on the community.
4. Continue to represent the City's interests with the Texas Department of Transportation in the design and construction improvements of IH635 and IH35E.

5. Provide assistance in the coordination and planning of the City's long-term capital improvement plan to include refining the scope of the projects, setting priorities, and assisting in the development of funding strategies.

BUDGET HIGHLIGHTS

1. Program to replace obsolete or near-obsolete traffic system components at the 51 signalized intersections and provide for an inventory of components damaged by vehicles or lightening.
2. Inclusion of the City's fiber optic communication system on the Dig-Tess System, the area-wide one-call utility location system. Funding is also provided for contractor support in repairing damage to the fiber optic cable when needed.
3. One replacement vehicle.

Engineering



ENGINEERING SUMMARY	YEAR-END AMENDED		ADOPTED	YEAR-END AMENDED	ADOPTED	% CHANGE
	BUDGET 2004-05	ACTUAL 2004-05	BUDGET 2005-06	BUDGET 2005-06	BUDGET 2006-07	FROM AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$1,569,500	\$1,567,458	\$1,617,800	\$1,636,000	\$1,653,000	1.04%
<i>Supplies</i>	24,500	21,079	22,900	24,600	26,500	7.72%
<i>Repairs & Maintenance</i>	110,800	84,223	114,700	114,700	161,600	40.89%
<i>Services</i>	464,100	452,199	369,200	369,200	371,100	0.51%
<i>Transfers</i>	90,000	90,000	33,000	42,000	25,600	-39.05%
Total Department Budget	<u>\$2,258,900</u>	<u>\$2,214,959</u>	<u>\$2,157,600</u>	<u>\$2,186,500</u>	<u>\$2,237,800</u>	<u>2.35%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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ENGINEERING

<i>Personal Services/Benefits</i>	\$1,106,400	\$1,118,236	\$1,132,900	\$1,158,200	\$1,181,100
<i>Supplies</i>	17,000	13,732	15,400	15,400	17,000
<i>Repairs & Maintenance</i>	18,200	12,169	20,800	20,800	21,200
<i>Services</i>	38,000	32,332	38,000	38,000	39,000
<i>Transfers</i>	25,000	25,000	33,000	42,000	25,600
Total Budget	<u>\$1,204,600</u>	<u>\$1,201,469</u>	<u>\$1,240,100</u>	<u>\$1,274,400</u>	<u>\$1,283,900</u>

TRAFFIC ENGINEERING

<i>Personal Services/Benefits</i>	\$463,100	\$449,222	\$484,900	\$477,800	\$471,900
<i>Supplies</i>	7,500	7,347	7,500	9,200	9,500
<i>Repairs & Maintenance</i>	92,600	72,054	93,900	93,900	140,400
<i>Services</i>	426,100	419,867	331,200	331,200	332,100
<i>Transfers</i>	65,000	65,000	0	0	0
Total Budget	<u>\$1,054,300</u>	<u>\$1,013,490</u>	<u>\$917,500</u>	<u>\$912,100</u>	<u>\$953,900</u>



PUBLIC WORKS

The Public Works Department consists of five divisions: Administration, Solid Waste Collection, Street Maintenance, Water & Sewer Administration, and Water & Sewer Operations.

The Public Works Administration Division provides the planning, direction, and control of the daily operations for all divisions within the department.

The Solid Waste Collection Division inspects, observes, and monitors contractor operations at the sanitary landfill, which is operated by a private corporation through a Management and Operations Agreement with the City. This facility is operated in compliance with the Texas Commission on Environmental Quality rules and regulations. This division provides collection and disposal of all municipal solid waste from City properties and special events. This division also provides twice per week residential sanitation collection and once per week brush and bulky item collection. This division also operates a limited Citizen Collection Center at 1399 Valley View Lane for residents for the disposal of normal residential debris and recycling materials. Recycling materials may also be taken to the City's drop off point located at the Don Showman Park and the Oran Good Park Parking Lot. Acceptable recycling materials include: aluminum, clear glass, newspaper, Type 2 plastic, and two liter (Type 1) plastic soft drink bottles.

The Street Maintenance Division provides concrete and asphalt street maintenance, severe weather response, street sweeping, crack sealing, storm water drainage facility maintenance, sign replacement and repair, street striping, traffic button installation and replacement, barricade maintenance, sidewalk repairs, pavement repairs for utility cuts and water main replacement, and an annual street resurfacing program. This division also assists other divisions, such as Water & Sewer and Parks & Recreation, with various projects.

The Water & Sewer Administration Division provides the planning, direction, and control of the daily utility operations.

The Water & Sewer Operations Division provides water and sewer service, main repairs, valve operation, service line maintenance, fire hydrant maintenance, plant operation, water meter reading and repairs, and improvements to the water and sewer system.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Continue format change for street name signs replacing all signs by 2012.

The new format is 6" upper and lower case letters on all street name signs increased from 2 1/4" to 3". Over 200 street name signs have been installed with the format change this year, and since the program started through the end of this year, 40% of the City's street name signs have been replaced.

2. Intensify maintenance operations on arterial and collector streets, e.g., Spring Valley, Marsh, and Josey.

Street Maintenance crews replaced concrete sections on Josey Lane, Spring Valley Road, and Valley View Lane totaling 0.3 lane miles. The street repair program contractor made repairs totaling 0.9 lane miles on Valley View Lane, Josey Lane, Valwood Parkway, and Webb Chapel Road.

3. Begin review of the landfill operations agreement.

Staff initiated discussion with Trinity Waste on the extension of the existing contract. The contract provides that Trinity must notify the City that a five-year extension will be considered two years prior to the end of the first ten years. This will occur October 1, 2006.

4. Review solid waste collection operations for improvements in efficiency and cost effectiveness.

Staff has analyzed collection operations and determined the monthly cost per home for collection services. A seasonal schedule for residential, as well as brush and bulky item collection, has been established that will reduce fuel and labor costs. Residential routes have been combined in order to reduce trips to the landfill and to conserve fuel and labor costs. Large tandem rear-loading refuse trucks have been tested within the City and have shown to be more efficient than existing equipment in all respects. Staff is developing a transitional program for the conversion of the City's fleet to rear-loaders in a multi-year plan. A benchmark database comparing the City of Farmers Branch with fourteen (14) other municipalities was created.

5. Work with the Engineering Department to establish new annual street maintenance goals and objectives.

Public Works is working with the Engineering Department to develop a needs assessment for future street maintenance and CIP programs. This assessment will result in new goals and objectives for the CIP program.

6. Cross-train two additional utility maintenance workers in pump station operations.

Due to the resignation of the Engineering Specialist, two cross-trained utility maintenance workers have been permanently assigned to the pump station and no additional cross-training will take place this year.

7. Work with the Finance Department and other customer cities to begin review and discussion of Dallas Water Utilities contract that expires 2009.

Public Works and Finance continue to participate in regular meetings with the City of Dallas.

8. Develop a water-pumping plan that includes the third pump station.

Public Works is working with a consulting engineer to develop a water system model that would be inclusive of the new pump station located at 2412 Wicker and its effects on the distribution system.

OTHER ACHIEVEMENTS IN 2005-06

1. Reduced Solid Waste staff by one full-time position and added a part-time position.
2. Coordinated and administered the annual street resurfacing program with Dallas County and their contractor to resurface 11.4 lane miles.
3. Equipped Street Division's Operations Specialists with Wi-Fi compatible tablet PC's to gather and input data for project administration in the field.
4. Completed a security evaluation with HDR Consulting on the City's water storage tanks and pump station facilities.
5. City specifications were changed to require that water meters installed by developers are Wi-Fi ready for future meter reading capabilities.
6. Assisted Engineering in the completion of the Westside Pump Station.

2006-07 OBJECTIVES

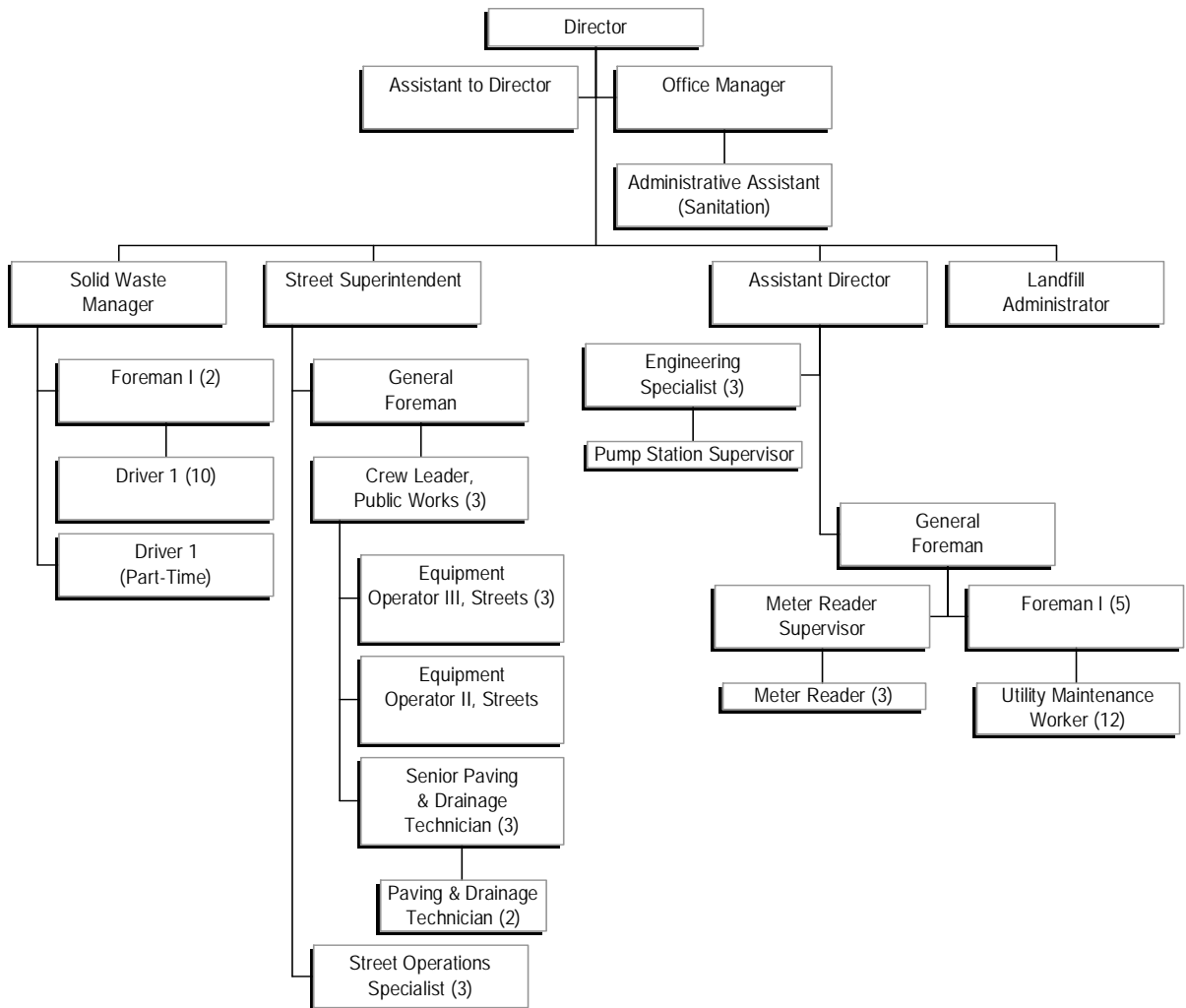
1. Research and develop plans for a landfill gas-to-energy system.
2. Develop an expansion plan for the Camelot Landfill.
3. Negotiate a new landfill operations agreement.
4. Work with residents to develop a plan for relocating collection of garbage in problem alleys to the street curb.

5. Focus street maintenance training on technical advances and current state-of-the-art materials, equipment, and methods.
6. Investigate joint purchasing agreements with surrounding cities for meters and various water supplies in addition to the joint water tank inspection contract.
7. Implement a security plan for the water facilities based on the HDR consulting report.
8. Move the pump station's SCADA system from a stand-alone system to a networked version and upgrade it to include any efficiencies and new technology.
9. Implement Wi-Fi meter reading in one location to test and evaluate for future citywide applications.

BUDGET HIGHLIGHTS

1. Reinstatement of Landfill Administrator position and upgrade of Utilities Superintendent to an Assistant Director of Public Works.
2. Replace current 29-cubic -yard side-loading trucks with larger 32-cubic-yard rear-loading trucks.
3. Increased wastewater disposal fees.

Public Works



PUBLIC WORKS SUMMARY	YEAR-END AMENDED		ADOPTED BUDGET 2005-06	YEAR-END AMENDED		% CHANGE FROM AMENDED BUDGET
	BUDGET	ACTUAL		BUDGET	ADOPTED BUDGET	
	2004-05	2004-05		2005-06	2006-07	
<i>Personal Services/Benefits</i>	\$2,274,800	\$2,278,166	\$2,344,700	\$2,265,100	\$2,441,600	7.79%
<i>Contract Labor</i>	83,600	73,971	83,600	53,200	70,600	32.71%
<i>Supplies</i>	181,100	165,916	186,000	206,000	230,800	12.04%
<i>Repairs & Maintenance</i>	1,441,200	1,481,935	1,595,300	1,581,400	1,583,900	0.16%
<i>Services</i>	111,600	85,859	118,500	93,900	183,900	95.85%
<i>Production & Disposal</i>	247,700	244,852	281,000	251,000	282,800	12.67%
<i>Transfers</i>	335,000	335,000	209,500	197,900	449,100	126.93%
Total Department Budget	<u>\$4,675,000</u>	<u>\$4,665,699</u>	<u>\$4,818,600</u>	<u>\$4,648,500</u>	<u>\$5,242,700</u>	<u>12.78%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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PUBLIC WORKS ADMINISTRATION

<i>Personal Services/Benefits</i>	\$337,100	\$356,539	\$360,100	\$364,600	\$370,800
<i>Supplies</i>	3,900	3,594	4,300	4,300	4,800
<i>Repairs & Maintenance</i>	1,200	1,133	1,100	1,100	1,200
<i>Services</i>	15,100	13,857	17,700	17,700	18,400
Total Budget	<u>\$357,300</u>	<u>\$375,123</u>	<u>\$383,200</u>	<u>\$387,700</u>	<u>\$395,200</u>

SOLID WASTE COLLECTION

<i>Personal Services/Benefits</i>	\$772,000	\$763,298	\$790,500	\$778,200	\$872,900
<i>Contract Labor</i>	83,600	73,971	83,600	53,200	70,600
<i>Supplies</i>	106,700	97,335	111,300	124,300	145,100
<i>Repairs & Maintenance</i>	262,400	332,277	307,300	300,400	306,200
<i>Services</i>	55,800	36,532	59,100	40,400	122,300
<i>Disposal</i>	247,700	244,852	281,000	251,000	282,800
<i>Transfers</i>	146,000	146,000	46,500	34,900	215,600
Total Budget	<u>\$1,674,200</u>	<u>\$1,694,265</u>	<u>\$1,679,300</u>	<u>\$1,582,400</u>	<u>\$2,015,500</u>

STREET MAINTENANCE

<i>Personal Services/Benefits</i>	\$1,165,700	\$1,158,329	\$1,194,100	\$1,122,300	\$1,197,900
<i>Supplies</i>	70,500	64,987	70,400	77,400	80,900
<i>Repairs & Maintenance</i>	1,177,600	1,148,525	1,286,900	1,279,900	1,276,500
<i>Services</i>	40,700	35,470	41,700	35,800	43,200
<i>Transfers</i>	189,000	189,000	163,000	163,000	233,500
Total Budget	<u>\$2,643,500</u>	<u>\$2,596,311</u>	<u>\$2,756,100</u>	<u>\$2,678,400</u>	<u>\$2,832,000</u>



POLICE

The mission of the Farmers Branch Police Department is to assure each citizen the opportunity to enjoy life in peace and free from criminal acts. Through a commitment to work in partnership with the citizens to provide courteous professional services, the department will fairly and impartially carryout that mission with P.R.I.D.E. (Partnership, Respect, Innovation, Dedication, and Excellence).

The Police Chief directs an organization composed of 74 sworn and 42 non-sworn full-time and part-time employees, including School Crossing Guards. In addition, the department has one volunteer Police Chaplain.

The functions of the department are divided among four divisions as follows:

The Police Administration Division is responsible for the administration, control, support, and coordination for all divisions: Patrol, Investigations, and Communications. The largest division in the department is the Patrol Division, which also provides detention services and K-9 services. Among numerous duties, the Patrol Division has the primary responsibility for responding to calls for service, enforcement of traffic laws, and preventive patrol throughout the City. The Police Investigations Division provides both youth services and follow-up investigation of all reported criminal offenses within the City. This includes filing criminal cases in the court with jurisdiction. The Police Communications Division is responsible for answering 9-1-1 calls and provides dispatch service for police, fire, and emergency medical services (EMS) personnel.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Identify and train one investigator in the management and administration of major crime scene evidence collection and processing.

One investigator has been trained in Crime Scene Administration and Management based on the curriculum provided through the Forensic Science Training Unit at the FBI Academy in Quantico, Virginia.

2. Continue to apply for law enforcement grants as they become available to improve department programs.

Grants totaling \$5,000 were received and utilized for the purchase of five Taser X-26 less-lethal weapons. Additionally a Selective Traffic Enforcement Program (S.T.E.P.) Grant from the Texas Department of Transportation was applied for and funded in the amount of \$70,000. Funds will become available in January of 2007 and will be utilized to pay overtime to officers for enforcement of speed and red light violations.

3. Send two hazardous materials technicians from the Weapons of Mass Destruction Response Team to grant-funded bomb recognition training in New Mexico.

Two Weapons of Mass Destruction Response Team members attended grant funded Incident Response to Terrorist Bombing training in New Mexico.

4. Continue to gather intelligence on area gang members and their associates, increasing the department's ability to deal with gang-related crime issues.

The Special Investigations Division Youth Investigators worked special enforcement initiatives with I.C.E. (Immigration and Customs Enforcement) and identified three local gang members who were ultimately deported for criminal behavior. Intelligence gathering continues to produce positive results.

5. Certify all detention officers to have Texas Law Enforcement Telecommunications System (TLETS) access.

Detention staff training on TLETS was completed in April 2006.

6. Complete basic training in jail standards for all detention personnel.

Six detention officers attended Basic Jail Standards Training in 2006. Training will continue in the 2006-2007 fiscal year for three detention officers.

7. Send new detention lieutenant to management training on jail standards.

The Detention Lieutenant completed Jail Standards Management Training in February of 2006.

8. Send three patrol supervisors to receive training from the Institute for Law Enforcement Administration (ILEA) in Richardson, Texas.

Three supervisors, two sergeants, and one lieutenant completed advanced management training in October 2005.

OTHER ACHIEVEMENTS IN 2005-06

1. Initiated a vehicle burglary deterrent program throughout the city.
2. Began the process of reinvigorating the Community Watch Program, including the creation of a Community Watch e-mail list server that facilitates the flow of information to members of the group. Additionally, a Community Watch Web page was created on the cities Web site for publication of activities and events.
3. Trained ten crime scene technicians on digital photography.
4. Initiated a photographic red light enforcement program.
5. Upgraded the emergency number routing system in the E911 Center allowing for mapping of wireless emergency calls.
6. Implemented a towing of uninsured vehicles policy effective July 1, 2006.

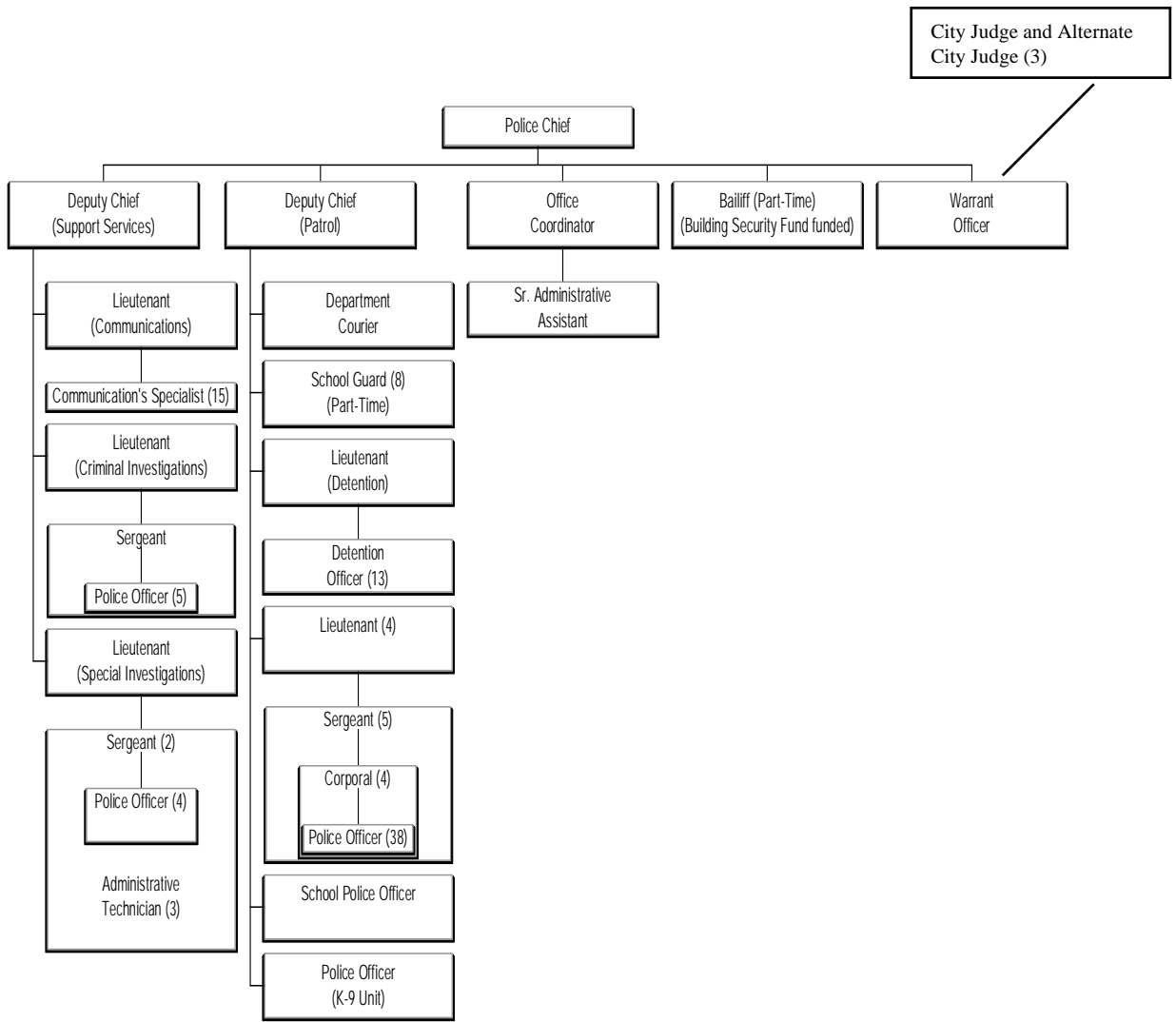
2006-07 OBJECTIVES

1. Complete basic training in jail standards for three additional detention officers.
2. Complete grant funded HAZMAT training for one additional member of the Weapons of Mass Destruction Response Team.
3. Begin crisis intervention training for all members of the department.
4. Continue specialized training for supervisors to prepare for management level assignments.
5. Continue to look for alternative funding means for police equipment and programs through grant research.
6. Increase participation in the Community Watch Program and joint code enforcement programs.
7. Organize and plan events that encourage employee participation and interaction outside the scope of their normal duties.

BUDGET HIGHLIGHTS

1. Replacement of in-car video equipment with mobile digital camera systems in 13 patrol vehicles.
2. Replacement of four fleet vehicles assigned to the Investigations Division.
3. Implementation of automated ticket writers.

Police



POLICE SUMMARY	YEAR-END AMENDED		ADOPTED BUDGET	YEAR-END AMENDED		% CHANGE FROM AMENDED BUDGET
	BUDGET 2004-05	ACTUAL 2004-05		BUDGET 2005-06	BUDGET 2006-07	
<i>Personal Services/Benefits</i>	\$7,169,500	\$7,096,135	\$7,716,100	\$7,675,100	\$8,267,600	7.72%
<i>Supplies</i>	272,700	247,593	272,100	309,700	312,700	0.97%
<i>Repairs & Maintenance</i>	490,500	415,792	546,800	554,800	549,500	-0.96%
<i>Services</i>	407,000	330,787	453,000	467,300	472,700	1.16%
<i>Transfers</i>	220,100	220,100	156,000	148,500	240,000	61.62%
Total Department Budget	<u>\$8,559,800</u>	<u>\$8,310,407</u>	<u>\$9,144,000</u>	<u>\$9,155,400</u>	<u>\$9,842,500</u>	<u>7.50%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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POLICE ADMINISTRATION

<i>Personal Services/Benefits</i>	\$261,400	\$259,605	\$273,400	\$223,800	\$262,400
<i>Supplies</i>	35,700	35,870	35,700	35,700	25,200
<i>Repairs & Maintenance</i>	36,600	28,295	76,600	84,600	34,700
<i>Services</i>	105,400	99,189	115,400	137,700	140,700
<i>Transfers</i>	13,500	13,500	13,500	13,500	0
Total Budget	<u>\$452,600</u>	<u>\$436,459</u>	<u>\$514,600</u>	<u>\$495,300</u>	<u>\$463,000</u>

POLICE INVESTIGATIONS

<i>Personal Services/Benefits</i>	\$1,115,600	\$1,117,128	\$1,137,800	\$1,163,400	\$1,257,300
<i>Supplies</i>	25,000	23,244	25,000	30,100	32,800
<i>Repairs & Maintenance</i>	15,400	18,261	18,000	18,000	25,400
<i>Services</i>	24,000	17,327	24,100	24,100	24,100
Total Budget	<u>\$1,180,000</u>	<u>\$1,175,960</u>	<u>\$1,204,900</u>	<u>\$1,235,600</u>	<u>\$1,339,600</u>

POLICE PATROL

<i>Personal Services/Benefits</i>	\$4,654,200	\$4,607,540	\$5,059,100	\$5,049,200	\$5,450,900
<i>Supplies</i>	206,100	183,464	206,500	231,500	249,800
<i>Repairs & Maintenance</i>	166,000	170,495	182,400	182,400	189,300
<i>Services</i>	37,600	32,596	37,600	37,600	40,000
<i>Transfers</i>	6,600	6,600	85,000	85,000	240,000
Total Budget	<u>\$5,070,500</u>	<u>\$5,000,695</u>	<u>\$5,570,600</u>	<u>\$5,585,700</u>	<u>\$6,170,000</u>

POLICE COMMUNICATIONS

<i>Personal Services/Benefits</i>	\$1,138,300	\$1,111,862	\$1,245,800	\$1,238,700	\$1,297,000
<i>Supplies</i>	5,900	5,015	4,900	12,400	4,900
<i>Repairs & Maintenance</i>	272,500	198,741	269,800	269,800	300,100
<i>Services</i>	240,000	181,675	275,900	267,900	267,900
<i>Transfers</i>	200,000	200,000	57,500	50,000	0
Total Budget	<u>\$1,856,700</u>	<u>\$1,697,293</u>	<u>\$1,853,900</u>	<u>\$1,838,800</u>	<u>\$1,869,900</u>

FIRE

The Fire Department's primary function and responsibility to the citizens of Farmers Branch is the protection of lives and property from fire and to provide emergency medical assistance. The Fire Chief directs an organization composed of fifty-eight certified firefighters, four fire prevention personnel, one technical coordinator, and one office coordinator.

The Fire Department consists of the following three divisions: Administration/Training, Operations, and Fire Prevention. The department is responsible for fire suppression, emergency medical services, rescue operations, emergency management, fire safety inspections, public fire prevention education programs, code enforcement, building and site plan review, fire investigations, and training of personnel.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Participate in the National Institute of Health's Emergency Medical Services Cardiac Arrest and Trauma care studies.

The initial phase of the study began in July 2006 and will involve Acute Coronary Syndrome care.

2. Update the City's Basic Emergency Management plan including the adoption of the National Incident Management System program.

The Basic Emergency Management plan has been updated for National Incident Management System compliance. Additional updates are continuing and will be completed by September 30, 2006.

3. Continue evaluating the need to begin construction on Fire Station No. 3 at six-month intervals.

The evaluation has now been completed and City Council has authorized the

updating of the facilities construction documents.

4. Certify two firefighters at the paramedic level.

Training was completed for one firefighter on January 23, 2006, and another firefighter completed training on July 21, 2006.

5. Continue participation in the North Central Texas Council of Governments (NCTCOG) benchmarking program.

Benchmarking reports are being submitted and fire department data is included in the 2005-06 published budget document.

6. Complete the implementation of the risk watch injury prevention program.

The risk-watch curriculum has been implemented into all CFBISD elementary and middle schools. The Fire Department also developed an injury prevention coalition called the Community Safety Education Association to help support Risk Watch and other injury prevention initiatives in the community.

7. Evaluate and improve the department's entry-level physical agility testing program.

The physical agility-testing program has been evaluated and modified, with more focus being placed on evaluating a candidate's overall level of endurance and upper-body strength.

OTHER ACHIEVEMENTS IN 2005-06

1. Received a 2005 FEMA Fire Act grant for \$84,951 to replace and upgrade all Physical Fitness equipment located at both Fire Stations and complete firefighter physical exams for all firefighters, along with an Electron Beam Tomography body scan for firefighters over the age of 40.

2. Placed into service a 2006 Frazier Ambulance at Fire Station No. 1.
3. Completed the first Citizens Fire Academy with 14 Farmers Branch resident graduates.
4. Installed 25Kw emergency power generators at both Fire Stations.
5. Was the first BIOTEL EMS system to place CPAP (Continuous Positive Airway Pressure) devices into service to treat congestive heart failure.
6. Sent five firefighters to attend the Weapons of Mass Destruction training at the Office of Domestic Preparedness training center in Anniston, Alabama.
7. Placed a fire investigation unit into service in the Fire Prevention Division.
8. Received the Texas Fire Chief Association's Lone Star Achievement award for the Respiratory Protection Program.
9. As part of the Fire Department's Emergency Management function, worked with the Environmental Health Division to develop the City's Pandemic Flu Response Plan.
10. Placed a \$420,000 Pierce Quantum Heavy Rescue/Mass Casualty Incident response vehicle in service. A total of \$256,500 in Federal funding via an Urban Area Security Initiative grant was used to assist with purchasing this vehicle.

2006-07 OBJECTIVES

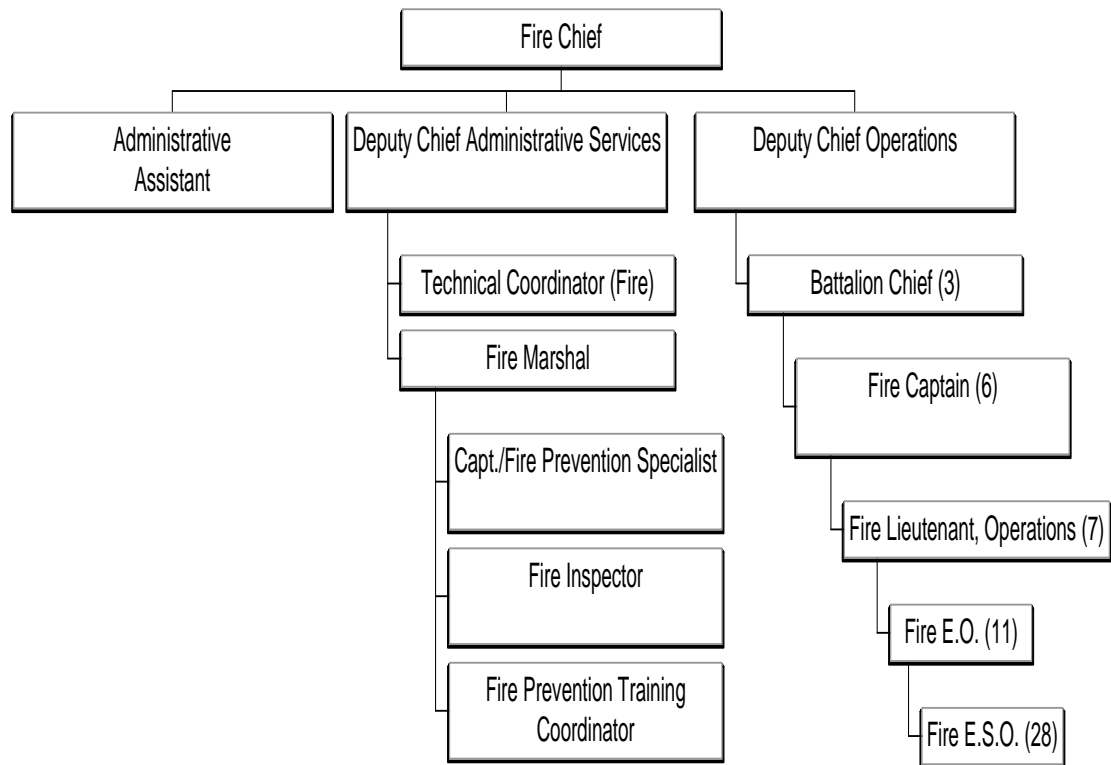
1. Complete update of the construction documents and begin construction of Fire Station No. 3.
2. Continue the Fire Department Wellness program by supporting fitness-training initiatives.
3. Deliver a Citizens Fire Academy class to 14 Farmers Branch residents.

4. Conduct facility repairs at Fire Station No. 2 including paint, termite treatment and roof repair.
5. Certify two firefighters as Emergency Medical Technician-Paramedics.

BUDGET HIGHLIGHTS

1. Replace the HURST Hydraulic Rescue Tool pump used to remove patients from damaged vehicles.
2. Replace two Fire Prevention Division staff vehicles.
3. Order a new fire engine for Fire Station No. 3.
4. Repair exterior building of Fire Station No. 2.

Fire



FIRE SUMMARY	YEAR-END			YEAR-END		
	AMENDED		ADOPTED	AMENDED	ADOPTED	% CHANGE
	BUDGET	ACTUAL	BUDGET	BUDGET	BUDGET	FROM
	2004-05	2004-05	2005-06	2005-06	2006-07	AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$5,435,000	\$5,424,930	\$5,568,300	\$5,796,800	\$5,991,400	3.36%
<i>Supplies</i>	186,500	183,515	195,600	210,000	236,900	12.81%
<i>Repairs & Maintenance</i>	233,400	250,517	249,500	253,000	290,900	14.98%
<i>Services</i>	143,500	138,762	147,700	152,700	155,500	1.83%
<i>Transfers</i>	258,500	258,500	280,700	285,500	348,500	22.07%
Total Department Budget	<u>\$6,256,900</u>	<u>\$6,256,224</u>	<u>\$6,441,800</u>	<u>\$6,698,000</u>	<u>\$7,023,200</u>	4.86%

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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FIRE ADMINISTRATION

<i>Personal Services/Benefits</i>	\$515,000	\$518,477	\$530,300	\$540,100	\$559,000
<i>Supplies</i>	31,300	29,999	40,500	40,500	33,600
<i>Repairs & Maintenance</i>	39,000	36,289	39,500	40,500	43,200
<i>Services</i>	47,800	42,568	47,200	47,200	50,000
<i>Transfers</i>	24,000	24,000	6,200	6,200	0
Total Budget	<u>\$657,100</u>	<u>\$651,333</u>	<u>\$663,700</u>	<u>\$674,500</u>	<u>\$685,800</u>

FIRE PREVENTION

<i>Personal Services/Benefits</i>	\$332,200	\$333,582	\$336,900	\$338,200	\$377,400
<i>Supplies</i>	12,100	11,246	13,000	13,000	17,800
<i>Repairs & Maintenance</i>	1,200	1,200	0	0	0
<i>Services</i>	5,700	5,123	8,400	8,400	11,700
<i>Transfers</i>	24,500	24,500	24,500	24,500	48,500
Total Budget	<u>\$375,700</u>	<u>\$375,651</u>	<u>\$382,800</u>	<u>\$384,100</u>	<u>\$455,400</u>

FIRE OPERATIONS

<i>Personal Services/Benefits</i>	\$4,587,800	\$4,572,871	\$4,701,100	\$4,918,500	\$5,055,000
<i>Supplies</i>	143,100	142,270	142,100	156,500	185,500
<i>Repairs & Maintenance</i>	193,200	213,028	210,000	212,500	247,700
<i>Services</i>	90,000	91,071	92,100	97,100	93,800
<i>Transfers</i>	210,000	210,000	250,000	254,800	300,000
Total Budget	<u>\$5,224,100</u>	<u>\$5,229,240</u>	<u>\$5,395,300</u>	<u>\$5,639,400</u>	<u>\$5,882,000</u>

PARKS & RECREATION

The Parks and Recreation Department provides leisure, recreational and cultural activities for all ages at the Farmers Branch Community Recreation Center, the Don Showman Swimming Pool, the Senior Center, the Historical Park, numerous athletic fields and 28 area parks. The extensive maintenance and landscaping of the parks and medians contribute to the City's reputation as the "City in a Park" and its attainment as "Tree City USA."

The Parks & Recreation Administration Division is responsible for planning and directing the long-range and day-to-day activities of the department. Under the Administration Division the Special Events Section is responsible for the planning and promotion of special events to promote family unity and community pride.

The Parks Maintenance Division, with the new Farmers Branch Community Recreation Center, is responsible for maintenance of parks, athletic fields, medians, and other City-owned or leased property. In addition, the division provides support and implementation of all City-sponsored special events and athletic tournaments.

The Recreation Division is responsible for implementing and maintaining year-round recreational and educational programs for all ages. Included with the day-to-day operation of the Recreation Center is the planning and implementation of a variety of family oriented activities. The Athletic Section is responsible for youth and adult athletic programs. As a liaison between the City and the athletic leagues, responsibilities include scheduling of the athletic facilities, securing tournaments that generate hotel room rentals, publicity for specific events, and working with the Economic Development & Tourism Office to coordinate needs for athletic tournaments.

The Aquatics Division is responsible for the safety of participants, water quality, overall pool maintenance, and water-related instruction.

The Senior Center Division facilitates use of the Senior Center. Programming for the Senior

Center is designed to meet the needs of the senior population through activities for their social, mental, and physical well-being.

The Building Maintenance Division is responsible for the maintenance of City facilities. This division performs tasks from all facets of the building trade and supervises contractors working on City facilities.

The Historical Preservation Division is responsible for operating the Historical Park site, which is open for general public use seven days a week. The division is also responsible for preserving, collecting, and interpreting the history of Texas with emphasis on Farmers Branch as well as working to provide programming to enhance tourism.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Update the study session room.

The new Council chairs are in place.

2. Design a new schedule of events and updated marketing plan to disseminate information to the public about overall Parks and Recreation Department programs.

A newly designed Schedule of Events has been completed and made available to residents. Other marketing improvements include a full page in each Branch Review for PARD material; using the CLASS software system to send out mass emails to members promoting classes and events; installing informational kiosks at four locations in the city and regularly stocking those with printed promotional material; working with school district representatives to distribute PARD info into specific schools.

3. Design a combined staff manual for the Recreation Division and Swimming Pool Division that will include standard

operating procedures for the Community Recreation Center, Don Showman Swimming Pool, youth programs, and parent guide information.

This information has been digitally compiled and is readily accessible to staff through computer access to save on printing costs.

4. Design a volunteer hour recording system to track volunteer hours at the Senior Center.

The recording system has been completed and implemented.

5. Develop a newcomer's packet for new participants at the Senior Center.

This objective has been completed and use of the newcomer's packet has been implemented. The packet is distributed at the front counter of the Senior Center and includes a monthly calendar, an interest card, class and trip information and a liability waiver.

6. Paint the exterior of the school in the Historical Park.

This objective has been completed.

7. Continue to work with local hotels and motels in a collaborative effort to generate room rentals.

More than 3,160 room nights were generated as a result of hosting sports tournaments between October 2005 and July 2006. Two new tournaments have been secured. The Longhorns Soccer Club Spring Classic was held April 14-15, 2006 and Premier Baseball held a tournament in July that produced 1,050 room nights. The basketball tournament, held July 20-22, was expanded to generate more room nights.

8. Replace 625 linear feet of the asphalt track at Farmers Branch Park.
Approximately 670 linear feet of asphalt pathway was replaced with concrete at Farmers Branch Park.

9. Begin master planning process for the John F. Burke Nature Preserve.

Staff is working with representatives from the North Texas Tollway Authority and the Valwood Improvement Authority to develop joint use agreements. Staff is beginning to work on a Request for Quotes to select an architect for the master plan.

10. Partner with the Carrollton-Farmers Branch Rotary Club to install handicap accessible playground equipment at Morningstar Park.

The renovation of Morningstar Park is complete. The project included a new playground, refurbished sidewalks and gazebo, and enhanced landscape with roses, trees, and benches. Morningstar Park renovation was completed with CIP funds. Rotary funds were used to replace the Farmers Branch Park playground.

OTHER ACHIEVEMENTS IN 2005-06

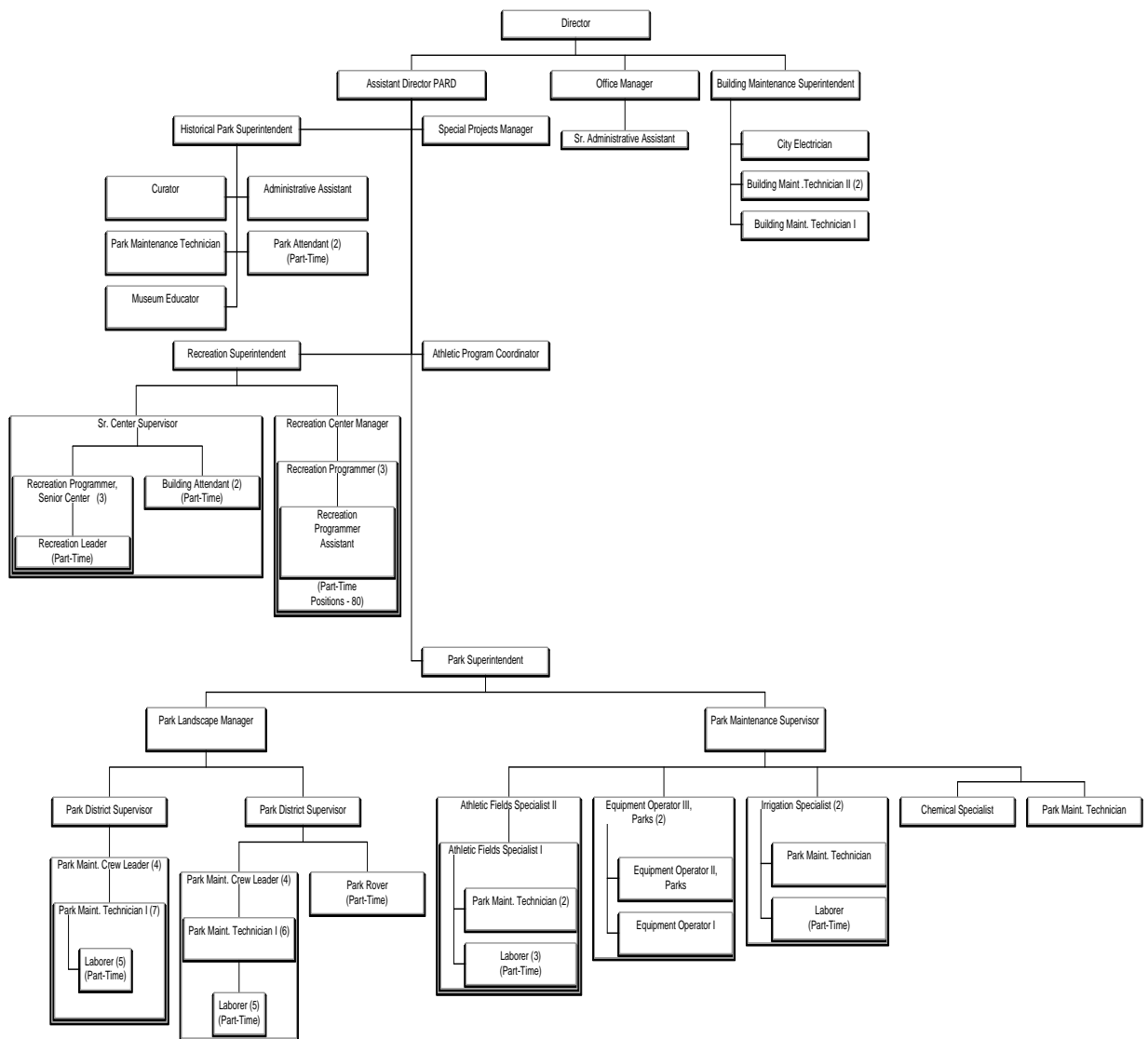
1. Painted the upstairs west wing offices at City Hall.
2. Coordinated the tile and grout restoration in the restrooms at City Hall, the Senior Center, and the Recreation Center.
3. Converted Oran Good I from a softball field to baseball field.
4. Installed a new playground at Farmers Branch Park.
5. Assumed grounds maintenance in the Valwood industrial area.
6. Hosted the Big Loser Competition, a twelve-week Community Recreation Center based weight-loss challenge that consisted of eight women and four men from throughout the City competing to lose the largest percentage of body weight. The group as a whole lost 189

- pounds over the twelve weeks, with an average of 7.5% total body weight lost.
7. Hosted a Spring Adult Basketball League for the first time in several years.
 8. Hosted Movie in the Park showing Racing Stripes outdoors on a big screen to over 1,000 guests at the Barney Wood Athletic Complex October 1, 2005.
 9. Installed a new diving board and PVC liner at the Don Showman Swimming Pool.
 10. Introduced Scuba and Kayaking classes at Don Showman Pool.
 11. Added weekday after-hours swimming pool rentals.
 12. Introduced two new Senior Center Special Events: Cocoa Bash and Movie and a Spud.
 8. Create a “runners route” for runners, joggers or walkers beginning at the Community Recreation Center and suggest different routes of various distances within the city limits.
 9. Increase training opportunities for Senior Center front desk and computer instructor volunteers.
 10. Create intergenerational programs working with Senior Center staff such as off-site trips that would include seniors and their grandchildren.
 11. Complete process for Friends of the Historical Park 501(c)3 status.
 12. Complete revision of Historical Park Master Plan.

BUDGET HIGHLIGHTS

- #### *2006-07 OBJECTIVES*
1. Remodel the kitchen by the Study Session room and paint the downstairs east wing offices of City Hall.
 2. Implement a new software work order program for facility maintenance.
 3. Update heating ventilation and air conditioning assessment for all city facilities.
 4. Develop an agreement for an athletic complex on the Keenan Bridge Road property.
 5. Replace 625 linear feet of asphalt track at Farmers Branch Park with concrete, Phase III.
 6. Install safety medians for pedestrians on Dennis Lane adjacent to the baseball fields in Pepper and Oran Good Parks.
 7. Expand Teen programming and events at Community Recreation Center by offering six new activities.
 1. Replacement bus for Senior Center.
 2. New software to improve workorder management.
 3. Replacement outdoor lockers for pool area.

Parks & Recreation



PARKS & RECREATION SUMMARY	YEAR-END			YEAR-END		% CHANGE
	AMENDED		ADOPTED	AMENDED	ADOPTED	FROM
	BUDGET	ACTUAL	BUDGET	BUDGET	BUDGET	AMENDED
	2004-05	2004-05	2005-06	2005-06	2006-07	BUDGET
<i>Personal Services/Benefits</i>	\$4,599,100	\$4,485,411	\$4,669,600	\$4,626,400	\$4,722,400	2.08%
<i>Purchased Prof & Tech Services</i>	10,400	13,991	10,400	10,400	10,400	0.00%
<i>Supplies</i>	549,400	526,916	533,200	554,200	614,900	10.95%
<i>Repairs & Maintenance</i>	672,700	667,271	785,800	794,200	807,100	1.62%
<i>Services</i>	1,410,200	1,373,921	1,419,100	1,591,200	1,516,500	-4.69%
<i>Christmas Activities</i>	93,800	89,652	93,800	121,300	121,300	0.00%
<i>Transfers</i>	158,600	158,600	385,800	385,800	359,200	-6.89%
Total Department Budget	<u>\$7,494,200</u>	<u>\$7,315,762</u>	<u>\$7,897,700</u>	<u>\$8,083,500</u>	<u>\$8,151,800</u>	<u>0.84%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED			YEAR-END	
ADOPTED		ADOPTED	AMENDED	ADOPTED
BUDGET	ACTUAL	BUDGET	BUDGET	BUDGET
2004-05	2004-05	2005-06	2005-06	2006-07

PARKS & RECREATION ADMIN.

<i>Personal Services/Benefits</i>	\$436,100	\$438,835	\$448,000	\$463,700	\$467,700
<i>Supplies</i>	15,000	13,451	15,000	15,100	15,200
<i>Repairs & Maintenance</i>	3,100	2,470	3,200	3,600	3,600
<i>Services</i>	42,500	37,849	42,500	42,500	41,600
Total Budget	<u>\$496,700</u>	<u>\$492,605</u>	<u>\$508,700</u>	<u>\$524,900</u>	<u>\$528,100</u>

BUILDING MAINTENANCE

<i>Personal Services/Benefits</i>	\$431,400	\$398,947	\$393,800	\$382,700	\$384,800
<i>Supplies</i>	6,800	6,774	7,200	8,100	8,000
<i>Repairs & Maintenance</i>	62,300	57,002	63,400	63,400	65,400
<i>Services</i>	503,400	521,627	543,900	563,900	572,100
<i>Transfers</i>	0	0	24,500	24,500	13,000
Total Budget	<u>\$1,003,900</u>	<u>\$984,350</u>	<u>\$1,032,800</u>	<u>\$1,042,600</u>	<u>\$1,043,300</u>

PARK MAINTENANCE

<i>Personal Services/Benefits</i>	\$2,238,500	\$2,233,927	\$2,276,700	\$2,229,000	\$2,304,300
<i>Purchased Prof & Tech Services</i>	10,400	13,991	10,400	10,400	10,400
<i>Supplies</i>	295,900	282,315	278,900	295,800	312,000
<i>Repairs & Maintenance</i>	525,400	532,070	635,100	635,100	637,500
<i>Services</i>	405,100	431,843	382,100	537,100	450,100
<i>Transfers</i>	158,600	158,600	337,300	337,300	222,700
Total Budget	<u>\$3,633,900</u>	<u>\$3,652,746</u>	<u>\$3,920,500</u>	<u>\$4,044,700</u>	<u>\$3,937,000</u>

RECREATION

<i>Personal Services/Benefits</i>	\$1,090,700	\$1,026,350	\$1,121,200	\$1,114,500	\$1,121,700
<i>Supplies</i>	165,500	163,753	165,500	168,400	197,700
<i>Repairs & Maintenance</i>	35,300	35,260	36,100	36,100	46,900
<i>Services</i>	313,800	270,270	301,100	301,100	306,100
<i>Transfers</i>	0	0	0	0	26,500
Total Budget	<u>\$1,605,300</u>	<u>\$1,495,633</u>	<u>\$1,623,900</u>	<u>\$1,620,100</u>	<u>\$1,698,900</u>

SWIMMING POOL

<i>Personal Services/Benefits</i>	\$108,300	\$107,055	\$106,700	\$109,700	\$113,000
<i>Supplies</i>	18,900	15,321	18,900	18,900	18,900
<i>Repairs & Maintenance</i>	20,200	15,792	20,200	20,200	20,200
<i>Services</i>	31,700	23,856	31,300	32,400	32,400
<i>Transfers</i>	0	0	0	0	11,000
Total Budget	<u>\$179,100</u>	<u>\$162,024</u>	<u>\$177,100</u>	<u>\$181,200</u>	<u>\$195,500</u>

SUMMARY BUDGET CATEGORIES

	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
SENIOR CENTER					
<i>Personal Services/Benefits</i>	\$277,100	\$263,349	\$304,100	\$307,700	\$311,800
<i>Supplies</i>	47,300	45,302	47,700	47,900	63,100
<i>Repairs & Maintenance</i>	26,400	24,677	27,800	35,800	33,500
<i>Services</i>	83,200	72,815	87,700	83,700	83,700
<i>Transfers</i>	0	0	24,000	24,000	86,000
Total Budget	<u>\$434,000</u>	<u>\$406,143</u>	<u>\$491,300</u>	<u>\$499,100</u>	<u>\$578,100</u>
PARK BOARD					
<i>Services</i>	<u>\$10,600</u>	<u>\$6,013</u>	<u>\$10,600</u>	<u>\$10,600</u>	<u>\$10,600</u>
Total Budget	<u>\$10,600</u>	<u>\$6,013</u>	<u>\$10,600</u>	<u>\$10,600</u>	<u>\$10,600</u>
SENIOR ADVISORY BOARD					
<i>Services</i>	<u>\$9,400</u>	<u>\$4,768</u>	<u>\$9,400</u>	<u>\$9,400</u>	<u>\$9,400</u>
Total Budget	<u>\$9,400</u>	<u>\$4,768</u>	<u>\$9,400</u>	<u>\$9,400</u>	<u>\$9,400</u>
CHRISTMAS					
<i>Personal Services/Benefits</i>	\$17,000	\$16,948	\$19,100	\$19,100	\$19,100
<i>Services</i>	10,500	4,880	10,500	10,500	10,500
<i>Christmas</i>	93,800	89,652	93,800	121,300	121,300
Total Budget	<u>\$121,300</u>	<u>\$111,480</u>	<u>\$123,400</u>	<u>\$150,900</u>	<u>\$150,900</u>

LIBRARY

The responsibility of the Library is to select, organize, provide, and distribute printed and audiovisual materials for all residents of the City; to encourage the use of these materials by the residents for their informational, educational, and recreational needs; to serve as a cultural center or outlet for the City; and, to promote the maximum use of the facility and its services. The Library also strives to ensure that information in electronic format is available to all residents.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Maintain the upgraded library facility with regularly scheduled carpet cleaning; power washing of the parking lot and patios, and window cleaning.

As of January 31, 2006, one window cleaning was completed, one carpet cleaning was completed in February 2006, and all other cleaning services will be completed by September 30, 2006.
2. Update the youth services collection in the areas of math and science in juvenile nonfiction.

The juvenile nonfiction areas of math and science were completed June 30, 2006.
3. Update all areas of young adult nonfiction.

The young adult nonfiction collection has been updated, and 155 items have been added.
4. Update the youth services collection in the juvenile Spanish language area.

The juvenile Spanish language collection will be updated by August 1, 2006.
5. Update the youth services collection of board books in the toddler area.

This is in progress and is scheduled to be completed by August 30, 2006.
6. Purchase DVDs and videos in a ratio of 85% to 15% respectively.

This is in progress and will be completed by September 15, 2006.
7. Update the Vietnamese language collection.

The Vietnamese language collection has been updated, and 74 items have been added.
8. Celebrate at least four multicultural holidays and events throughout the year, including programs, exhibits and materials, and incorporate multicultural themes into existing programs.

Christmas Around the World was celebrated in December with programs, displays and materials. El dia de los Ninos/El dia de los libros program was held in April with an attendance of 55. Four programs celebrating Asian Month were held in May and the attendance was 68. Hispanic Month will be celebrated in September with programs, exhibits in the gallery and corresponding materials available for check out.
9. Update the law, medicine, technology, and business areas in the adult collection.

The law area was completed November 30, 2005. The business area was completed April 30, 2006. The medicine area will be completed by June 30, 2006, and the technology area by August 30, 2006.
10. Replace and update material in the civil service and military areas of the adult collection.

The civil service area is completed and the military area is scheduled for completion by August 30, 2006

11. Partner with the Parks and Recreation Department to provide at least two programs to Senior Center participants.

One program on genealogy was provided in May 2006, and a second program on medical resources will be completed by September 30, 2006.

12. Partner with Brookhaven College to provide adult education for the community, such as providing meeting space and advertising for workshops.

This goal is being forwarded to fiscal year 2007 due to the Library's reorganization of positions, vacancies and changes in program goals.

13. Continue to increase the adult Spanish language collection by adding 500 books and fifty audio and video materials.

As of April 30, 2006, 242 books and 27 audio and video materials were added. The remaining materials are on order and are all scheduled to be available for the public by August 30, 2006.

OTHER ACHIEVEMENTS IN 2005-06

1. Joined in partnership with the Carrollton Public Library and the Carrollton-Farmers Branch Independent School District for the "Smartest Card Campaign," a month-long drive to put library cards in the hands of all Farmers Branch and Carrollton children. The Manske Library issued more than 300 library cards during this campaign.
2. Received two grants in 2005-2006 that were used to purchase Library equipment and furniture. One grant, from the Northeast Texas Library System for \$3,600 was used to update the Library's online catalog server. The second grant, from the Texas State Library Loan Star Grant program for

\$9,017, was used to expand the number of public computer access points and provide additional furniture for the new stations.

3. Received a 2005 Achievement of Excellence in Libraries award from the Texas Municipal Library Directors Association in recognition of excellence in programming, technology, partnerships, and outreach services.
4. Reorganized to provide public services with 80 additional customer service hours.

2006-07 OBJECTIVES

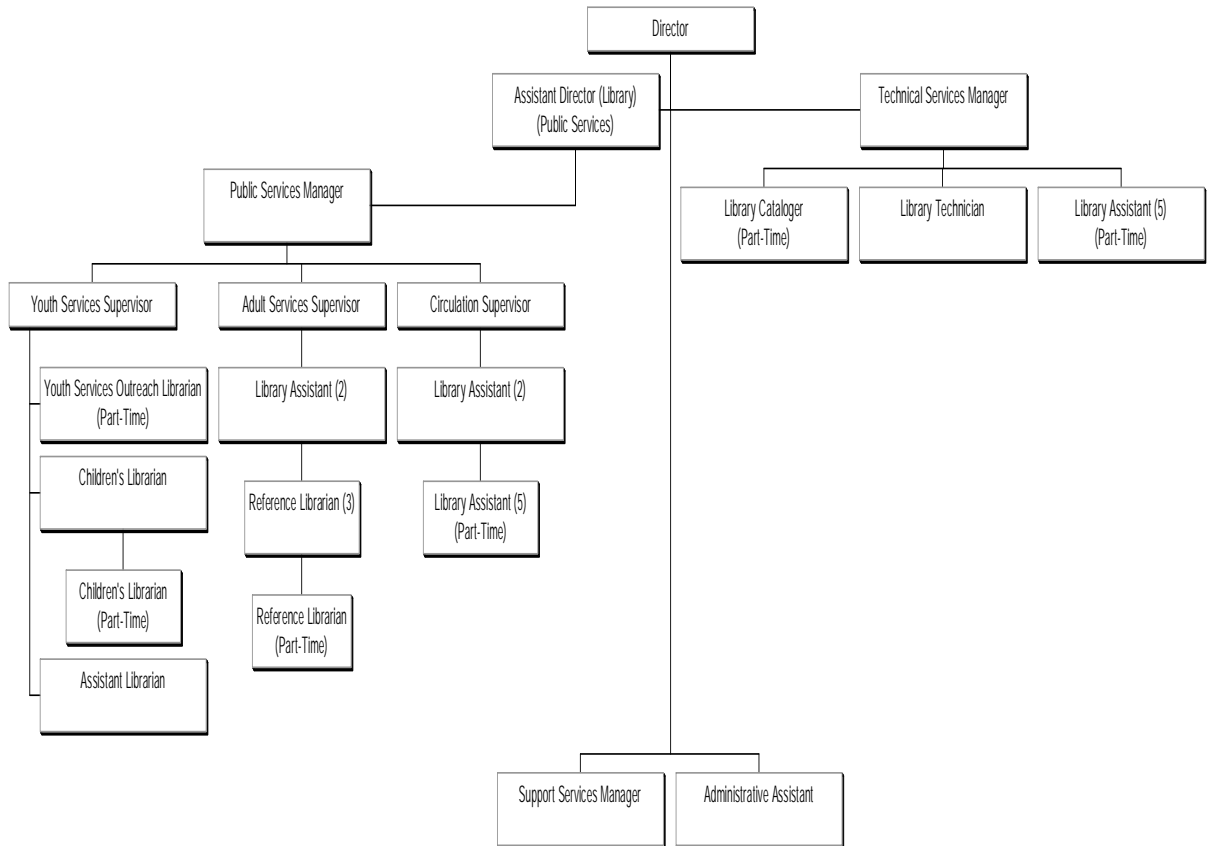
1. Continue to improve the appearance and functionality of the Manske Library by repairing the tile in the public restrooms and replacing two water fountains.
2. Offer online audiobooks to patrons for checkout, allowing popular fiction, bestsellers and classic titles to be downloadable from the Library or from home.
3. Provide live online access for homework and research help to elementary-aged children through Tutor.com.
4. Enhance the Summer Reading Club program by offering an online Web site that will allow children and teens to register, maintain their reading logs, write online book reviews, complete surveys, and check levels of awards.
5. Increase the Library's visibility by providing information via an outside digital sign for all Library programs and events.
6. Continue to improve and update the Library's collection in order to achieve and maintain a rate of 60 percent of materials that are less than 10 years old.
7. Update the technology, repair, transportation, law and medicine areas in the adult collection.

8. Update the juvenile nonfiction collection in the areas of Texas, drawing books and collective biographies.
9. Review and update the juvenile picture book collection with replacement copies of popular materials.
10. Partner with Brookhaven College to provide adult education for the community, such as providing meeting space and advertising for workshops.

BUDGET HIGHLIGHTS

1. Provide additional online services, including downloadable audiobooks, online Summer Reading Club software, and real-time in-depth homework help.
2. Make program information readily available to current library users and attract prospective library users with increased signage.
3. Continue to improve facility with reglazing of bathroom tile and replacement water fountains.

Library



LIBRARY SUMMARY	YEAR-END AMENDED		ADOPTED BUDGET 2005-06	YEAR-END AMENDED		% CHANGE FROM AMENDED BUDGET
	BUDGET 2004-05	ACTUAL 2004-05		BUDGET 2005-06	ADOPTED BUDGET 2006-07	
<i>Personal Services/Benefits</i>	\$1,212,100	\$1,182,247	\$1,243,900	\$1,212,100	\$1,289,900	6.42%
<i>Supplies</i>	99,500	97,802	96,100	96,100	109,600	14.05%
<i>Repairs & Maintenance</i>	43,000	41,973	25,500	26,500	36,500	37.74%
<i>Services</i>	150,700	132,247	144,200	169,200	153,400	-9.34%
<i>Transfers</i>	229,000	229,000	244,600	244,600	198,900	-18.68%
Total Department Budget	<u>\$1,734,300</u>	<u>\$1,683,269</u>	<u>\$1,754,300</u>	<u>\$1,748,500</u>	<u>\$1,788,300</u>	<u>2.28%</u>

WATER & SEWER FUND REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>INTEREST</u>					
INTEREST	\$55,059	\$87,500	\$87,500	\$96,000	0.73%
SUB-TOTAL	<u>\$55,059</u>	<u>\$87,500</u>	<u>\$87,500</u>	<u>\$96,000</u>	<u>0.73%</u>
<u>MISCELLANEOUS</u>					
RECONNECTS/SERVICE CHARGE	\$29,685	\$28,000	\$28,000	\$28,000	0.21%
LATE FEES	60,172	60,000	60,000	60,000	0.46%
MISCELLANEOUS	4,275	2,800	2,800	2,800	0.02%
SUB-TOTAL	<u>\$94,132</u>	<u>\$90,800</u>	<u>\$90,800</u>	<u>\$90,800</u>	<u>0.69%</u>
<u>WATER/SEWER SALES</u>					
WATER SALES	\$8,292,773	\$9,267,000	\$11,217,000	\$9,461,200	71.77%
SEWER SERVICE	3,223,361	3,718,300	3,878,300	3,490,400	26.48%
ADDISON SEWER	12,856	18,000	18,000	18,000	0.14%
TAPPING FEES	1,175	2,000	2,000	2,000	0.02%
BACKFLOW PROGRAM	18,365	25,000	25,000	25,000	0.19%
SUB-TOTAL	<u>\$11,548,530</u>	<u>\$13,030,300</u>	<u>\$15,140,300</u>	<u>\$12,996,600</u>	<u>98.58%</u>
GRAND TOTAL	<u><u>\$11,697,721</u></u>	<u><u>\$13,208,600</u></u>	<u><u>\$15,318,600</u></u>	<u><u>\$13,183,400</u></u>	<u><u>100.00%</u></u>

WATER & SEWER FUND EXPENDITURE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>WATER & SEWER</u>					
ADMINISTRATION	\$2,297,734	\$2,512,300	\$2,402,400	\$2,566,100	17.37%
OPERATIONS	9,568,263	10,536,900	10,710,200	11,210,700	75.87%
SUB-TOTAL	<u>\$11,865,997</u>	<u>\$13,049,200</u>	<u>\$13,112,600</u>	<u>\$13,776,800</u>	<u>93.23%</u>
 TOTAL OPERATING	 <u>\$11,865,997</u>	 <u>\$13,049,200</u>	 <u>\$13,112,600</u>	 <u>\$13,776,800</u>	 <u>93.23%</u>
 <u>SPECIAL EXPENDITURES</u>					
TRANSFER TO CIP	\$0	\$0	\$0	\$1,000,000	6.77%
SUB-TOTAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>6.77%</u>
 GRAND TOTAL	 <u>\$11,865,997</u>	 <u>\$13,049,200</u>	 <u>\$13,112,600</u>	 <u>\$14,776,800</u>	 <u>100.00%</u>

PUBLIC WORKS

The Public Works Department consists of five divisions: Administration, Solid Waste Collection, Street Maintenance, Water & Sewer Administration, and Water & Sewer Operations.

The Public Works Administration Division provides the planning, direction, and control of the daily operations for all divisions within the department.

The Solid Waste Collection Division inspects, observes, and monitors contractor operations at the sanitary landfill, which is operated by a private corporation through a Management and Operations Agreement with the City. This facility is operated in compliance with the Texas Commission on Environmental Quality rules and regulations. This division provides collection and disposal of all municipal solid waste from City properties and special events. This division also provides twice per week residential sanitation collection and once per week brush and bulky item collection. This division also operates a limited Citizen Collection Center at 1399 Valley View Lane for residents for the disposal of normal residential debris and recycling materials. Recycling materials may also be taken to the City's drop off point located at the Don Showman Park and the Oran Good Park Parking Lot. Acceptable recycling materials include: aluminum, clear glass, newspaper, Type 2 plastic, and two liter (Type 1) plastic soft drink bottles.

The Street Maintenance Division provides concrete and asphalt street maintenance, severe weather response, street sweeping, crack sealing, storm water drainage facility maintenance, sign replacement and repair, street striping, traffic button installation and replacement, barricade maintenance, sidewalk repairs, pavement repairs for utility cuts and water main replacement, and an annual street resurfacing program. This division also assists other divisions, such as Water & Sewer and Parks & Recreation, with various projects.

The Water & Sewer Administration Division provides the planning, direction, and control of the daily utility operations.

The Water & Sewer Operations Division provides water and sewer service, main repairs, valve operation, service line maintenance, fire hydrant maintenance, plant operation, water meter reading and repairs, and improvements to the water and sewer system.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Continue format change for street name signs replacing all signs by 2012.

The new format is 6" upper and lower case letters on all street name signs increased from 2 1/4" to 3". Over 200 street name signs have been installed with the format change this year, and since the program started through the end of this year, 40% of the City's street name signs have been replaced.

2. Intensify maintenance operations on arterial and collector streets, e.g., Spring Valley, Marsh, and Josey.

Street Maintenance crews replaced concrete sections on Josey Lane, Spring Valley Road, and Valley View Lane totaling 0.3 lane miles. The street repair program contractor made repairs totaling 0.9 lane miles on Valley View Lane, Josey Lane, Valwood Parkway, and Webb Chapel Road.

3. Begin review of the landfill operations agreement.

Staff initiated discussion with Trinity Waste on the extension of the existing contract. The contract provides that Trinity must notify the City that a five-year extension will be considered two years prior to the end of the first ten years. This will occur October 1, 2006.

4. Review solid waste collection operations for improvements in efficiency and cost effectiveness.

Staff has analyzed collection operations and determined the monthly cost per home for collection services. A seasonal schedule for residential, as well as brush and bulky item collection, has been established that will reduce fuel and labor costs. Residential routes have been combined in order to reduce trips to the landfill and to conserve fuel and labor costs. Large tandem rear-loading refuse trucks have been tested within the City and have shown to be more efficient than existing equipment in all respects. Staff is developing a transitional program for the conversion of the City's fleet to rear-loaders in a multi-year plan. A benchmark database comparing the City of Farmers Branch with fourteen (14) other municipalities was created.

5. Work with the Engineering Department to establish new annual street maintenance goals and objectives.

Public Works is working with the Engineering Department to develop a needs assessment for future street maintenance and CIP programs. This assessment will result in new goals and objectives for the CIP program.

6. Cross-train two additional utility maintenance workers in pump station operations.

Due to the resignation of the Engineering Specialist, two cross-trained utility maintenance workers have been permanently assigned to the pump station and no additional cross-training will take place this year.

7. Work with the Finance Department and other customer cities to begin review and discussion of Dallas Water Utilities contract that expires 2009.

Public Works and Finance continue to participate in regular meetings with the City of Dallas.

8. Develop a water-pumping plan that includes the third pump station.

Public Works is working with a consulting engineer to develop a water system model that would be inclusive of the new pump station located at 2412 Wicker and its effects on the distribution system.

OTHER ACHIEVEMENTS IN 2005-06

1. Reduced Solid Waste staff by one full-time position and added a part-time position.
2. Coordinated and administered the annual street resurfacing program with Dallas County and their contractor to resurface 11.4 lane miles.
3. Equipped Street Division's Operations Specialists with Wi-Fi compatible tablet PC's to gather and input data for project administration in the field.
4. Completed a security evaluation with HDR Consulting on the City's water storage tanks and pump station facilities.
5. City specifications were changed to require that water meters installed by developers are Wi-Fi ready for future meter reading capabilities.
6. Assisted Engineering in the completion of the Westside Pump Station.

2006-07 OBJECTIVES

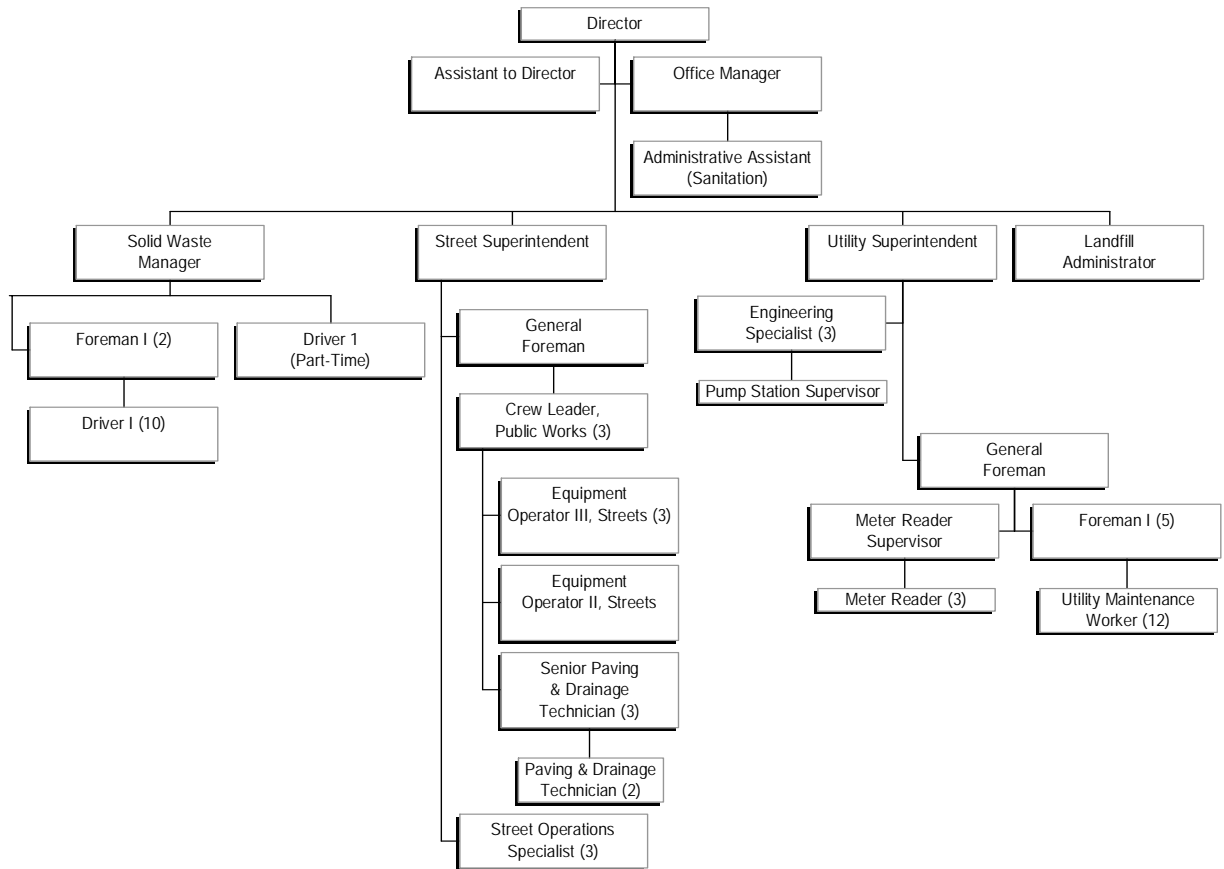
1. Research and develop plans for a landfill gas-to-energy system.
2. Develop an expansion plan for the Camelot Landfill.
3. Negotiate a new landfill operations agreement.
4. Work with residents to develop a plan for relocating collection of garbage in problem alleys to the street curb.

5. Focus street maintenance training on technical advances and current state-of-the-art materials, equipment, and methods.
6. Investigate joint purchasing agreements with surrounding cities for meters and various water supplies in addition to the joint water tank inspection contract.
7. Implement a security plan for the water facilities based on the HDR consulting report.
8. Move the pump station's SCADA system from a stand-alone system to a networked version and upgrade it to include any efficiencies and new technology.
9. Implement Wi-Fi meter reading in one location to test and evaluate for future citywide applications.

BUDGET HIGHLIGHTS

1. Reinstatement of Landfill Administrator position and upgrade of Utilities Superintendent to an Assistant Director of Public Works.
2. Replace current 29-cubic -yard side-loading trucks with larger 32-cubic-yard rear-loading trucks.
3. Increased wastewater disposal fees.

Public Works



WATER & SEWER SUMMARY	YEAR-END		YEAR-END		% CHANGE	
	AMENDED		ADOPTED	AMENDED	ADOPTED	FROM
	BUDGET	ACTUAL	BUDGET	BUDGET	BUDGET	AMENDED
	2004-05	2004-05	2005-06	2005-06	2006-07	BUDGET
<i>Personal Services/Benefits</i>	\$1,938,600	\$1,851,243	\$1,928,100	\$1,892,700	\$1,941,300	2.57%
<i>Supplies</i>	137,900	137,382	136,900	153,300	164,200	7.11%
<i>Repairs & Maintenance</i>	463,100	349,474	489,900	489,900	494,900	1.02%
<i>Services</i>	326,400	307,935	266,800	405,200	409,400	1.04%
<i>Production & Disposal</i>	5,769,000	5,854,149	6,455,200	6,405,200	6,784,500	5.92%
<i>Other Objects</i>	130,000	36,214	130,000	130,000	130,000	0.00%
<i>Transfers</i>	3,329,600	3,329,600	3,642,300	3,636,300	3,852,500	5.95%
Total Department Budget	<u>\$12,094,600</u>	<u>\$11,865,997</u>	<u>\$13,049,200</u>	<u>\$13,112,600</u>	<u>\$13,776,800</u>	<u>5.07%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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WATER & SEWER ADMIN.

<i>Personal Services/Benefits</i>	\$159,700	\$183,936	\$179,300	\$91,000	\$168,100
<i>Supplies</i>	60,600	56,741	59,600	59,600	66,200
<i>Repairs & Maintenance</i>	6,700	6,322	3,800	3,800	4,200
<i>Services</i>	28,900	12,420	30,000	8,400	15,100
<i>Production & Disposal</i>	14,000	11,215	14,300	14,300	20,500
<i>Transfers</i>	2,027,100	2,027,100	2,225,300	2,225,300	2,292,000
Total Budget	<u>\$2,297,000</u>	<u>\$2,297,734</u>	<u>\$2,512,300</u>	<u>\$2,402,400</u>	<u>\$2,566,100</u>

WATER & SEWER OPERATIONS

<i>Personal Services/Benefits</i>	\$1,778,900	\$1,667,307	\$1,748,800	\$1,801,700	\$1,773,200
<i>Supplies</i>	77,300	80,641	77,300	93,700	98,000
<i>Repairs & Maintenance</i>	456,400	343,152	486,100	486,100	490,700
<i>Services</i>	297,500	295,515	236,800	396,800	394,300
<i>Production & Disposal</i>	5,755,000	5,842,934	6,440,900	6,390,900	6,764,000
<i>Other Objects</i>	130,000	36,214	130,000	130,000	130,000
<i>Transfers</i>	1,302,500	1,302,500	1,417,000	1,411,000	1,560,500
Total Budget	<u>\$9,797,600</u>	<u>\$9,568,263</u>	<u>\$10,536,900</u>	<u>\$10,710,200</u>	<u>\$11,210,700</u>

INTERNAL SERVICE FUND REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>INTERNAL SERVICE</u>					
EQUIPMENT SERVICES	\$1,310,325	\$1,378,200	\$1,392,200	\$1,411,200	71.59%
SUB-TOTAL	<u>\$1,310,325</u>	<u>\$1,378,200</u>	<u>\$1,392,200</u>	<u>\$1,411,200</u>	<u>71.59%</u>
<u>WORKERS' COMPENSATION</u>					
WORKERS' COMPENSATION	\$513,278	\$560,000	\$560,000	\$560,000	28.41%
SUB-TOTAL	<u>\$513,278</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>28.41%</u>
GRAND TOTAL	<u><u>\$1,823,603</u></u>	<u><u>\$1,938,200</u></u>	<u><u>\$1,952,200</u></u>	<u><u>\$1,971,200</u></u>	<u><u>100.00%</u></u>

INTERNAL SERVICE FUND EXPENDITURE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>EQUIPMENT SERVICES</u>					
FLEET MAINTENANCE	\$822,643	\$1,023,700	\$1,029,900	\$1,203,300	68.24%
SUB-TOTAL	<u>\$822,643</u>	<u>\$1,023,700</u>	<u>\$1,029,900</u>	<u>\$1,203,300</u>	<u>68.24%</u>
<u>WORKERS' COMPENSATION</u>					
WORKERS' COMPENSATION	\$292,103	\$560,000	\$560,000	\$560,000	31.76%
SUB-TOTAL	<u>\$292,103</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>31.76%</u>
GRAND TOTAL	<u><u>\$1,114,746</u></u>	<u><u>\$1,583,700</u></u>	<u><u>\$1,589,900</u></u>	<u><u>\$1,763,300</u></u>	<u><u>100.00%</u></u>

EQUIPMENT SERVICES

The Equipment Services Department maintains and repairs all City vehicles and equipment and stocks materials and supplies for the City's operating departments. This department also manages the Senlac Service Center.

The departmental goals are to provide the highest level of service at the lowest possible cost by designing and implementing sound management techniques and policies while maintaining a well-trained work force.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Evaluate and improve security of the Senlac Service Center with the possibility of additional lighting, cameras or reinforced fencing.

Staff is working with engineering staff to complete the installation of additional security lighting along the south and west perimeter of the Senlac Service Center by September 30, 2006.

2. Develop and enter into signed service level agreements with all operating departments. Service level agreements outline the service levels that the department provides to the operating departments.

Service level agreements have been completed and submitted to Public Works Streets Division for review and signature. Other department agreements will be completed by September 30, 2006.

3. Facilitate the expanded use of warehouse procurement opportunities through continued quarterly user group meetings.

Fiscal year meetings with operating departments were conducted on October 5, 2005, February 22, 2006 and

May 23, 2006. Another is scheduled for August 2006.

4. Increase productivity through technician training, certifications, and equipment updates.

Automotive Service Excellence (ASE) tests were completed in November 2005 and May 2006, and technicians received certification in six areas. Technician training for Electrical Systems, Emergency Vehicles Technicians (EVT) training/testing and Heavy-Duty Brakes Systems were conducted in November 2005, February 2006 and April 2006. A replacement air conditioning recovery/recycling machine was purchased along with a heavy-duty truck scan tool.

5. Install awnings to protect and extend the useful life of the air compressor and pressure washer.

Budget item request was placed on a lower priority during the fiscal year budget process due to a need for fuel tank monitor replacement.

6. Investigate and evaluate the feasibility of a motor pool operation, where ownership of vehicles and equipment shifts from department to fleet services.

Staff continues to collect information and explore options on this type of operation.

7. Replace all fuel storage tank-monitoring systems at the Senlac Service Center, Police Department, and Fire Station No. 2.

Staff is currently developing specifications for a fuel tank monitoring system and reviewing the possibility of combining with planned fuel system projects.

8. Maintain and upgrade the Senlac Service Center facility by re-striping equipment parking areas.

The re-striping has been completed.

9. Work with user departments to draft and evaluate a citywide Vehicle Idle Policy.

A Vehicle Idle Policy has been drafted and approved.

OTHER ACHIEVEMENTS IN 2005-06

1. Qualified for the National Institute of Automotive Service Excellence (ASE) Blue Seal of Excellence facility rating for second straight year.
2. Entered into an Interlocal Agreement with the City of Carrollton for preventive maintenance of Carrollton fire apparatus.
3. With City Council approval, adopted Clean Fleet Vehicle Ordinance adapted from the Regional Transportation Council (RTC) Model that will positively affect air quality through clean vehicle purchasing and maintenance practices.
4. Specified, ordered and replaced 30 vehicles, approved by Council, for various operating departments including 12 Police vehicles. Replacement of vehicles also allowed updates to engines and technology to help meet the Texas Emission Reduction Plan and Clean Cities Policies.
5. Utilized an online auction service to dispose of 15 surplus vehicles in January of 2006, producing net proceeds of \$133,432. An additional online vehicle auction is planned for late July 2006.
6. Certified two Emergency Vehicle Technicians (EVT) on staff as a result of training and EVT testing.

2006-07 OBJECTIVES

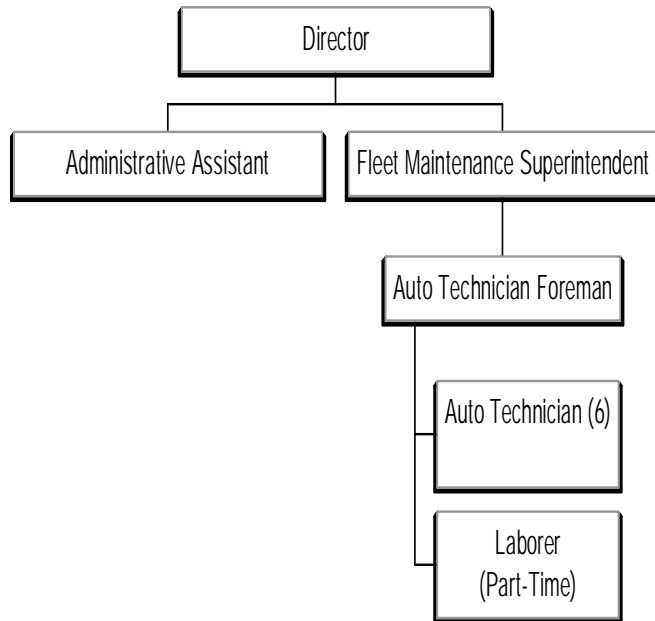
1. Add a 12,000-gallon fuel tank at the Senlac Service Center for future fueling requirements of diesel, alternative fuel vehicles and stationary generators.

2. Replace and integrate fuel system tank monitors, software, and fuel dispensing equipment with the City's IT network for real time fuel inventory at each fuel storage tank location.
3. Implement system for warranty tracking and reporting through existing fleet maintenance software.
4. Develop long-term strategies for alternative fuel use and continued integration of hybrid vehicles into the fleet replacement schedule.
5. Submit applications to attain supplemental funding for vehicle purchasing and replacement from outside sources such as the Regional Transportation Council (RTC) and the Texas Emissions Reduction Plan (TERP).
6. Obtain 70% ASE master technician certification through training and incentives by September 30, 2007 with an ultimate goal of reaching 100%. A master technician is one who has obtained eight or more certifications within the Automotive or Heavy-Duty Truck areas.
7. Install awnings to protect and extend the useful life of the air compressor and pressure washer.
8. Maintain and upgrade the Senlac Service Center facility to include upgrades to the employee assembly area, and replacement of washbasins in the men's restroom.
9. Reach performance benchmarks of 95% for preventative maintenance compliance and a scheduled repair rate of at least 60%.

BUDGET HIGHLIGHTS

1. One new above ground storage tank.
2. Fuel system upgrade to include three dispensers, island hardware and replacement software.

Equipment Services



EQUIPMENT SERVICES SUMMARY	YEAR-END		ADOPTED BUDGET 2005-06	YEAR-END		% CHANGE FROM AMENDED BUDGET
	AMENDED	ACTUAL		AMENDED	ADOPTED	
	BUDGET 2004-05	2004-05		BUDGET 2005-06	BUDGET 2006-07	
<i>Personal Services/Benefits</i>	\$728,100	\$688,893	\$746,400	\$742,400	\$776,700	4.62%
<i>Supplies</i>	22,100	18,653	28,400	33,600	45,200	34.52%
<i>Repairs & Maintenance</i>	72,500	60,611	40,000	45,000	46,700	3.78%
<i>Services</i>	58,600	54,486	165,900	165,900	171,700	3.50%
<i>Transfers</i>	0	0	43,000	43,000	163,000	279.07%
Total Department Budget	<u>\$881,300</u>	<u>\$822,643</u>	<u>\$1,023,700</u>	<u>\$1,029,900</u>	<u>\$1,203,300</u>	<u>16.84%</u>



WORKERS' COMPENSATION

The Workers' Compensation Fund is used to account for the City's workers' compensation self insurance plan.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established a Workers' Compensation Fund (an Internal Service Fund) to account for workers' compensation uninsured risks of loss. Under this program, the Workers' Compensation Fund provides coverage for up to a maximum of \$350,000 for each workers' compensation occurrence claim. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The costs associated with this self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues of the Workers' Compensation Fund and operating expenditures (expenses) of the other funds. Claims payable include provisions for claims reported and claims incurred, but not yet reported. The provision for reported claims is computed by the City's third party administrator based upon standard actuarial principles. The provision for claims incurred, but not yet reported is estimated based on the City's experience and an actuarial study that was performed during fiscal year 2005. State law provides that the City is relieved of liability if a notice of employee injury is not received within 30 days of the date on which the injury occurs.

WORKERS' COMPENSATION SUMMARY	YEAR-END			YEAR-END		% CHANGE FROM AMENDED BUDGET
	AMENDED	ACTUAL	ADOPTED	AMENDED	ADOPTED	
	BUDGET		BUDGET	BUDGET	BUDGET	
	2004-05	2004-05	2005-06	2005-06	2006-07	
<i>Internal Service</i>						
<i>Current Year Claims</i>	\$429,000	\$161,321	\$429,000	\$429,000	\$429,000	0.00%
<i>Catastrophic Reinsurance</i>	131,000	130,782	131,000	131,000	131,000	0.00%
Total Internal Service	<u>\$560,000</u>	<u>\$292,103</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>\$560,000</u>	<u>0.00%</u>

HOTEL/MOTEL FUND REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>OTHER TAXES</u>					
HOTEL/MOTEL TAX	\$1,965,694	\$2,150,000	\$2,150,000	\$2,300,000	97.38%
SUB-TOTAL	<u>\$1,965,694</u>	<u>\$2,150,000</u>	<u>\$2,150,000</u>	<u>\$2,300,000</u>	<u>97.38%</u>
<u>INTEREST</u>					
INTEREST	\$24,923	\$37,500	\$37,500	\$37,500	1.59%
SUB-TOTAL	<u>\$24,923</u>	<u>\$37,500</u>	<u>\$37,500</u>	<u>\$37,500</u>	<u>1.59%</u>
<u>SPECIAL REVENUES</u>					
MISCELLANEOUS	\$16,369	\$24,300	\$24,300	\$24,300	1.03%
SUB-TOTAL	<u>\$16,369</u>	<u>\$24,300</u>	<u>\$24,300</u>	<u>\$24,300</u>	<u>1.03%</u>
GRAND TOTAL	<u><u>\$2,006,986</u></u>	<u><u>\$2,211,800</u></u>	<u><u>\$2,211,800</u></u>	<u><u>\$2,361,800</u></u>	<u><u>100.00%</u></u>

HOTEL/MOTEL FUND EXPENDITURE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
<u>HISTORICAL PRESERVATION/SPECIAL EVENTS</u>					
PARK & SPECIAL EVENTS	\$637,785	\$708,100	\$699,000	\$686,900	20.67%
HISTORICAL BOARD	8,740	10,300	10,300	10,300	0.31%
SUB-TOTAL	<u>\$646,525</u>	<u>\$718,400</u>	<u>\$709,300</u>	<u>\$697,200</u>	<u>20.98%</u>
<u>PROMOTION OF TOURISM</u>					
STAFF SUPPORT OF TOURISM	\$334,684	\$360,900	\$352,900	\$388,900	11.70%
SUB-TOTAL	<u>\$334,684</u>	<u>\$360,900</u>	<u>\$352,900</u>	<u>\$388,900</u>	<u>11.70%</u>
MARKETING	\$450,093	\$649,600	\$654,600	\$664,600	20.00%
SUB-TOTAL	<u>\$450,093</u>	<u>\$649,600</u>	<u>\$654,600</u>	<u>\$664,600</u>	<u>20.00%</u>
TOTAL	<u>\$784,777</u>	<u>\$1,010,500</u>	<u>\$1,007,500</u>	<u>\$1,053,500</u>	<u>31.70%</u>
<u>CONVENTION CENTER</u>					
CONVENTION	\$651,616	\$563,500	\$563,500	\$572,600	17.23%
SUB-TOTAL	<u>\$651,616</u>	<u>\$563,500</u>	<u>\$563,500</u>	<u>\$572,600</u>	<u>17.23%</u>
TOTAL OPERATING	<u>\$2,082,918</u>	<u>\$2,292,400</u>	<u>\$2,280,300</u>	<u>\$2,323,300</u>	<u>69.91%</u>
<u>SPECIAL EXPENDITURES</u>					
TRANSFER TO CIP	\$170,000	\$0	\$0	\$0	0.00%
TRANSFER TO DEBT SERVICE	0	0		1,000,000	
SUB-TOTAL	<u>\$170,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>0.00%</u>
GRAND TOTAL	<u>\$2,252,918</u>	<u>\$2,292,400</u>	<u>\$2,280,300</u>	<u>\$3,323,300</u>	<u>69.91%</u>

PARKS & RECREATION

The Parks and Recreation Department provides leisure, recreational and cultural activities for all ages at the Farmers Branch Community Recreation Center, the Don Showman Swimming Pool, the Senior Center, the Historical Park, numerous athletic fields and 28 area parks. The extensive maintenance and landscaping of the parks and medians contribute to the City's reputation as the "City in a Park" and its attainment as "Tree City USA."

The Parks & Recreation Administration Division is responsible for planning and directing the long-range and day-to-day activities of the department. Under the Administration Division the Special Events Section is responsible for the planning and promotion of special events to promote family unity and community pride.

The Parks Maintenance Division, with the new Farmers Branch Community Recreation Center, is responsible for maintenance of parks, athletic fields, medians, and other City-owned or leased property. In addition, the division provides support and implementation of all City-sponsored special events and athletic tournaments.

The Recreation Division is responsible for implementing and maintaining year-round recreational and educational programs for all ages. Included with the day-to-day operation of the Recreation Center is the planning and implementation of a variety of family oriented activities. The Athletic Section is responsible for youth and adult athletic programs. As a liaison between the City and the athletic leagues, responsibilities include scheduling of the athletic facilities, securing tournaments that generate hotel room rentals, publicity for specific events, and working with the Economic Development & Tourism Office to coordinate needs for athletic tournaments.

The Aquatics Division is responsible for the safety of participants, water quality, overall pool maintenance, and water-related instruction.

The Senior Center Division facilitates use of the Senior Center. Programming for the Senior Center is designed to meet the needs of the senior population through activities for their social, mental, and physical well-being.

The Building Maintenance Division is responsible for the maintenance of City facilities. This division performs tasks from all facets of the building trade and supervises contractors working on City facilities.

The Historical Preservation Division is responsible for operating the Historical Park site, which is open for general public use seven days a week. The division is also responsible for preserving, collecting, and interpreting the history of Texas with emphasis on Farmers Branch as well as working to provide programming to enhance tourism.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the department in the 2005-06 Budget.

1. Update the study session room.

The new Council chairs are in place.

2. Design a new schedule of events and updated marketing plan to disseminate information to the public about overall Parks and Recreation Department programs.

A newly designed Schedule of Events has been completed and made available to residents. Other marketing improvements include a full page in each Branch Review for PARD material; using the CLASS software system to send out mass emails to members promoting classes and events; installing informational kiosks at four locations in the city and regularly stocking those with printed promotional material; working with school district representatives to distribute PARD info into specific schools.

3. Design a combined staff manual for the Recreation Division and Swimming Pool Division that will include standard operating procedures for the Community Recreation Center, Don Showman Swimming Pool, youth programs, and parent guide information.

This information has been digitally compiled and is readily accessible to staff through computer access to save on printing costs.

4. Design a volunteer hour recording system to track volunteer hours at the Senior Center.

The recording system has been completed and implemented.

5. Develop a newcomer's packet for new participants at the Senior Center.

This objective has been completed and use of the newcomer's packet has been implemented. The packet is distributed at the front counter of the Senior Center and includes a monthly calendar, an interest card, class and trip information and a liability waiver.

6. Paint the exterior of the school in the Historical Park.

This objective has been completed.

7. Continue to work with local hotels and motels in a collaborative effort to generate room rentals.

More than 3,160 room nights were generated as a result of hosting sports tournaments between October 2005 and July 2006. Two new tournaments have been secured. The Longhorns Soccer Club Spring Classic was held April 14-15, 2006 and Premier Baseball held a tournament in July that produced 1,050 room nights. The basketball tournament, held July 20-22, was expanded to generate more room nights.

8. Replace 625 linear feet of the asphalt track at Farmers Branch Park.

Approximately 670 linear feet of asphalt pathway was replaced with concrete at Farmers Branch Park.

9. Begin master planning process for the John F. Burke Nature Preserve.

Staff is working with representatives from the North Texas Tollway Authority and the Valwood Improvement Authority to develop joint use agreements. Staff is beginning to work on a Request for Quotes to select an architect for the master plan.

10. Partner with the Carrollton-Farmers Branch Rotary Club to install handicap accessible playground equipment at Morningstar Park.

The renovation of Morningstar Park is complete. The project included a new playground, refurbished sidewalks and gazebo, and enhanced landscape with roses, trees, and benches. Morningstar Park renovation was completed with CIP funds. Rotary funds were used to replace the Farmers Branch Park playground.

OTHER ACHIEVEMENTS IN 2005-06

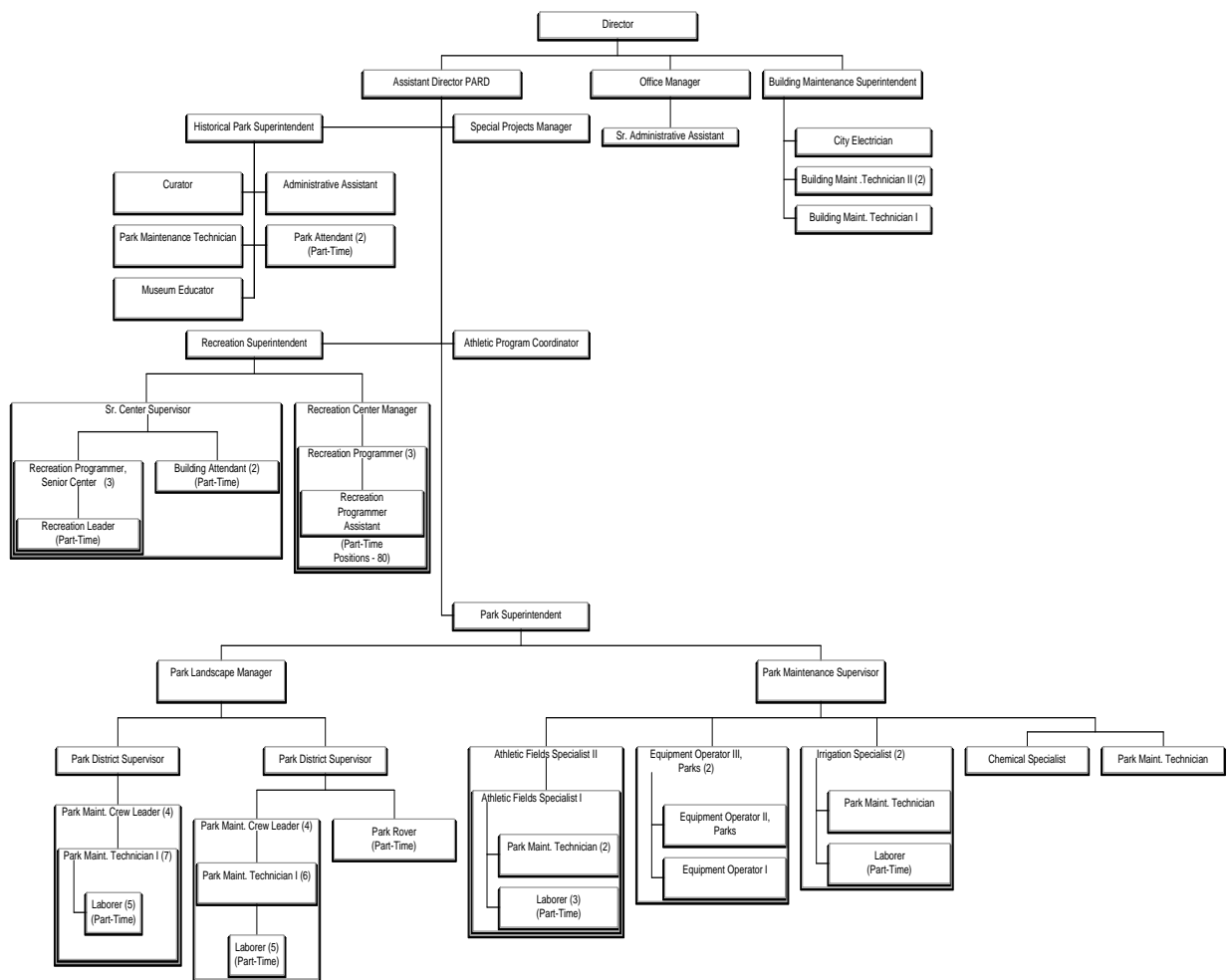
1. Painted the upstairs west wing offices at City Hall.
2. Coordinated the tile and grout restoration in the restrooms at City Hall, the Senior Center, and the Recreation Center.
3. Converted Oran Good I from a softball field to baseball field.
4. Installed a new playground at Farmers Branch Park.
5. Assumed grounds maintenance in the Valwood industrial area.
6. Hosted the Big Loser Competition, a twelve-week Community Recreation Center based weight-loss challenge that consisted of eight women and four men from throughout the City competing to

- lose the largest percentage of body weight. The group as a whole lost 189 pounds over the twelve weeks, with an average of 7.5% total body weight lost.
7. Hosted a Spring Adult Basketball League for the first time in several years.
 8. Hosted Movie in the Park showing Racing Stripes outdoors on a big screen to over 1,000 guests at the Barney Wood Athletic Complex October 1, 2005.
 9. Installed a new diving board and PVC liner at the Don Showman Swimming Pool.
 10. Introduced Scuba and Kayaking classes at Don Showman Pool.
 11. Added weekday after-hours swimming pool rentals.
 12. Introduced two new Senior Center Special Events: Cocoa Bash and Movie and a Spud.
7. Expand Teen programming and events at Community Recreation Center by offering six new activities.
 8. Create a “runners route” for runners, joggers or walkers beginning at the Community Recreation Center and suggest different routes of various distances within the city limits.
 9. Increase training opportunities for Senior Center front desk and computer instructor volunteers.
 10. Create intergenerational programs working with Senior Center staff such as off-site trips that would include seniors and their grandchildren.
 11. Complete process for Friends of the Historical Park 501(c)3 status.
 12. Complete revision of Historical Park Master Plan.

BUDGET HIGHLIGHTS

- #### **2006-07 OBJECTIVES**
1. Remodel the kitchen by the Study Session room and paint the downstairs east wing offices of City Hall.
 2. Implement a new software work order program for facility maintenance.
 3. Update heating ventilation and air conditioning assessment for all city facilities.
 4. Develop an agreement for an athletic complex on the Keenan Bridge Road property.
 5. Replace 625 linear feet of asphalt track at Farmers Branch Park with concrete, Phase III.
 6. Install safety medians for pedestrians on Dennis Lane adjacent to the baseball fields in Pepper and Oran Good Parks.
1. Replacement bus for Senior Center.
 2. New software to improve workorder management.
 3. Replacement outdoor lockers for pool area.

Parks & Recreation



HISTORICAL PRESERVATION/ SPECIAL EVENTS SUMMARY	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	% CHANGE FROM AMENDED BUDGET
<i>Personal Services/Benefits</i>	\$365,200	\$342,445	\$368,400	\$356,200	\$377,800	6.06%
<i>Purchased Prof & Tech Services</i>	1,500	1,209	1,500	1,500	1,500	0.00%
<i>Supplies</i>	40,100	32,359	40,100	40,200	40,500	0.75%
<i>Repairs & Maintenance</i>	104,900	97,709	95,500	95,500	95,500	0.00%
<i>Services</i>	82,600	71,247	84,900	87,900	87,900	0.00%
<i>Other Fixed Assets</i>	7,000	766	7,000	7,000	7,000	0.00%
<i>Special Events</i>	97,000	92,790	97,000	97,000	87,000	-10.31%
<i>Transfers</i>	8,000	8,000	24,000	24,000	0	N/A
Total Department Budget	\$706,300	\$646,525	\$718,400	\$709,300	\$697,200	-1.71%

ECONOMIC DEVELOPMENT & TOURISM

The Economic Development & Tourism Office serves as the development representative for the City and is responsible for the attraction of business and industry both nationally and internationally, retention and expansion of existing business and industry, and promotion of local convention and tourism business. The office is a part of the Office of the City Manager.

PROGRESS ON 2005-06 OBJECTIVES

The following summarizes the progress made toward achieving the objectives adopted for the Economic Development office in the 2005-06 Budget.

Economic Development

1. Continue to implement an economic development strategy in the areas of attraction of business and industry, both nationally and internationally, and the retention and expansion of existing businesses.

In the most recent period ending December 2005, the City had received 166 new companies utilizing 2,010,149 square feet and employing 2,294 persons. Twenty-five expansions have occurred leasing 295,340 square feet. In 2004, the City had 160 companies leasing 1,494,050 with 1,976 jobs. Twenty-eight companies expanded. The leasing increase is 35% in 2005 over 2004.

2. Continue collaborative efforts with Brookhaven College on State of Texas Skills Development Fund.

Staff provided information to Essilor and Celanese for skills development training.

3. Coordinate TIF No. 1 and TIF No. 2 projects including annual board meetings and development.

The annual board meetings were completed on October 25, 2005 along with the annual reports.

4. Contact a minimum of 15 of the largest Farmers Branch companies as a component of the ongoing existing industry program.

Meetings were held with Essilor, IBM, Monotronics, Dallas Semi-Conductor, Celanese, Centex, Occidental Chemical, i2 Technologies, Stanley Mechanical Tools, Glazers, TD Industries, JP Morgan, Source and Coca Cola.

5. Contact a minimum of the ten largest sales tax companies.

This project was completed.

6. Revise economic development strategy.

The revised Economic Development and Tourism Strategic Plan was completed in September and presented to City Council on September 6, 2005.

7. Coordinate with the Planning Division on development of the 4 Corners Retail study.

The Request for Proposals will be distributed by fiscal year end by the Community Services Department.

Tourism

1. Review and update tourism marketing strategies in view of current economic conditions.

The Tourism Marketing Plan was completed in October 2005.

2. Place specific emphasis on development of SMERF (Sports, Military, Educational, Religious and Fraternal) markets.

Staff attended the Religious Conference Management Association trade show with two Farmers Branch hotels in

January 2006. The Religious Blitz was completed with four Farmers Branch hotels in January and April 2006. Staff attended TEAMS Conference in Florida in November 2005 resulting in 1,400 room nights for June and July 2006 booked for Premier Baseball.

3. Implement an aggressive association marketing strategy that includes the Dr Pepper StarCenter.

Ten corporate bookings were completed within the time period of October 2005 through May 2006 in the Conference Center with estimated revenue of \$8,400.00 (60% revenue to the City and 40% revenue to the Stars). Staff travels to Austin six times annually to call on Association business. Recent association bookings include Knight Templar 2008 State Convention, Women in Criminal Justice, Texas Criminal Defense Lawyers Association, Texas Rural Water Association and Lost Battalion 2007, Texas Association of Aging Programs, Texas Guardianship Association, Texas Focus Conference, Correctional Management Institute of Texas, Texas Seed Trade Association Independent Order of Odd Fellows Grand Lodge of Texas and Military Order of World Wars. The Farmers Branch StarCenter has held six ice-skating and hockey tournaments over the last year generating 2,406 room nights and \$193,000 in hotel room revenue for Farmers Branch hotels. The StarCenter reports they exceeded expectations by having in excess of 700,000 visitors to the complex in their first year of operation.

OTHER ACHIEVEMENTS IN 2005-06

1. Participated in the Beijing International Tour and Travel Market (BITTM), organized by the Texas Governor's Office, Economic Development and Tourism, in Beijing and Shanghai, China April 3 – 7, 2006. BITTM is the first trade show in which the Governor's Office participated.

2. Initiated a marketing contract to explore branding opportunities for the North Dallas Design District.

2006-07 OBJECTIVES

Economic Development

1. Continue to implement the economic development strategy in the areas of attraction of business and industry, both nationally and internationally, and the retention and expansion of existing businesses.
2. Continue collaborative efforts with Brookhaven College on State of Texas Skills Development Fund.
3. Coordinate TIF No. 1 and TIF No. 2 projects including annual board meetings and development.
4. Contact a minimum of 15-second tier of the largest Farmers Branch companies or DFW developers.
5. Contact a minimum of 10 out of the top 30 sales tax companies.
6. Coordinate economic development strategy with the Branch Revitalization Task Force.
7. Coordinate with the Planning Division on development of the 4 Corners Retail study.
8. Evaluate the marketing study completed for branding ideas for the North Dallas Design District and make recommendations for implementation.

Tourism

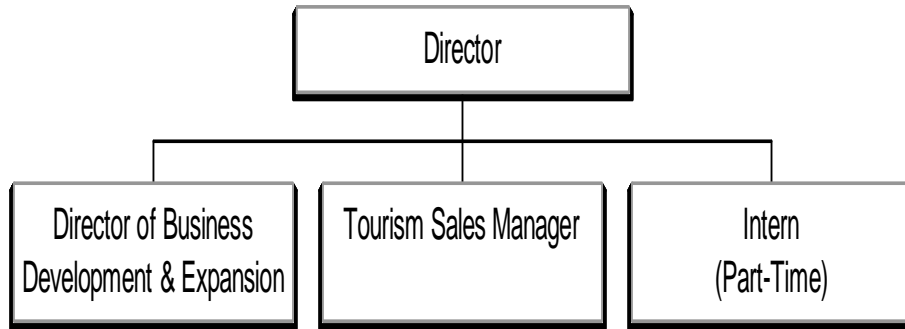
1. Review and update tourism marketing strategies.
2. Continue to place specific emphasis on development of SMERF (Sports, Military, Educational, Religious and Fraternal) markets.

3. Continue an aggressive marketing strategy that includes the Dr Pepper StarCenter.

BUDGET HIGHLIGHTS

Increased the Convention Center budget to include monies for restaurant supplies, door and stanchions.

Economic Development & Tourism



PROMOTION OF TOURISM/ CONVENTION CENTER SUMMARY	YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	% CHANGE FROM AMENDED BUDGET
<i>Supplies</i>	\$2,000	\$48	\$32,000	\$32,000	\$10,000	-68.75%
<i>Repairs & Maintenance</i>	22,000	6,068	32,000	32,000	22,000	-31.25%
<i>Services</i>	0	0	0	0	40,000	N/A
<i>Marketing</i>	550,500	450,093	649,600	654,600	664,600	1.53%
<i>Transfers</i>	1,166,200	1,150,184	860,400	852,400	889,500	4.35%
Total Department Budget	<u>\$1,740,700</u>	<u>\$1,606,393</u>	<u>\$1,574,000</u>	<u>\$1,571,000</u>	<u>\$1,626,100</u>	<u>3.51%</u>

SUMMARY BUDGET CATEGORIES

YEAR-END AMENDED BUDGET 2004-05	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07
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PROMOTION OF TOURISM

<i>Staff Tourism</i>	\$350,700	\$334,684	\$360,900	\$352,900	\$388,900
<i>Marketing</i>	550,500	450,093	649,600	654,600	664,600
Total Budget	<u>\$901,200</u>	<u>\$784,777</u>	<u>\$1,010,500</u>	<u>\$1,007,500</u>	<u>\$1,053,500</u>

CONVENTION CENTER

<i>Supplies</i>	\$2,000	\$48	\$32,000	\$32,000	\$10,000
<i>Repairs & Maintenance</i>	22,000	6,068	32,000	32,000	22,000
<i>Services</i>	0	0	0	0	40,000
<i>Transfers</i>	815,500	815,500	499,500	499,500	500,600
Total Budget	<u>\$839,500</u>	<u>\$821,616</u>	<u>\$563,500</u>	<u>\$563,500</u>	<u>\$572,600</u>

DEBT SERVICE FUND SUMMARY OF REVENUES AND EXPENDITURES

PROPERTY TAX SUPPORTED DEBT

FUND BALANCE 9/30/2005 (\$26,330)

2005-06	ESTIMATED PROPERTY TAX REVENUES		\$3,237,200
2005-06	ESTIMATED PRIOR YEAR TAX, PENALTY AND INTEREST		40,000
2005-06	DEBT SERVICE REQUIREMENTS	(1)	(3,237,200)

INCREASE (DECREASE) IN FUND BALANCE 40,000

ESTIMATED FUND BALANCE 9/30/2006 \$13,670

2006-07	ESTIMATED PROPERTY TAX REVENUES		\$3,209,800
2006-07	ESTIMATED PRIOR YEAR TAX, PENALTY AND INTEREST		40,000
2006-07	DEBT SERVICE REQUIREMENTS	(1)	(3,209,800)

INCREASE (DECREASE) IN FUND BALANCE 40,000

ESTIMATED FUND BALANCE 9/30/2007 \$53,670

SELF-SUPPORTING DEBT

FUND BALANCE 9/30/2005 \$2,241,262

2005-06	RENTAL REVENUE		\$600,000
2005-06	HOTEL/MOTEL TAX REVENUE		499,500
2005-06	ASSESSMENT REVENUE		506,656
2005-06	DEBT SERVICE REQUIREMENTS	(2)	(1,561,300)

INCREASE (DECREASE) IN FUND BALANCE 44,856

FUND BALANCE 9/30/2006 \$2,286,118

2006-07	RENTAL REVENUE		\$600,000
2006-07	HOTEL/MOTEL TAX REVENUE		500,600
2006-07	ASSESSMENT REVENUE		506,856
2006-07	DEBT SERVICE REQUIREMENTS	(3)	(1,740,000)

INCREASE (DECREASE) IN FUND BALANCE (132,544)

ESTIMATED FUND BALANCE 9/30/2007 \$2,153,574

(1) Includes \$15,000 for paying agent fees and arbitrage calculation services.

(2) Includes \$11,400 for paying agent fees and arbitrage calculation services.

(3) Includes \$11,500 for paying agent fees and arbitrage calculation services.

SUMMARY
GENERAL OBLIGATION BONDS
PRINCIPAL & INTEREST REQUIREMENTS
Property Tax Supported Debt

Year	Principal	Interest	Total
2006-07	\$3,050,000.00	\$144,807.50	\$3,194,807.50
2007-08	415,000.00	46,157.50	461,157.50
2008-09	420,000.00	33,707.50	453,707.50
2009-10	195,000.00	21,107.50	216,107.50
2010-11	200,000.00	14,770.00	214,770.00
2011-12	210,000.00	7,770.00	217,770.00
Total	<u>\$4,490,000.00</u>	<u>\$268,320.00</u>	<u>\$4,758,320.00</u>

GENERAL OBLIGATION BONDS
 SERIES 2002
 AMOUNT OF ISSUE: \$2,375,000.00
 REFUNDING BONDS
 PRINCIPAL & INTEREST REQUIREMENTS
 Property Tax Supported Debt

Year	Principal	Interest	Total
2006-07	\$190,000.00	\$51,857.50	\$241,857.50
2007-08	415,000.00	46,157.50	461,157.50
2008-09	420,000.00	33,707.50	453,707.50
2009-10	195,000.00	21,107.50	216,107.50
2010-11	200,000.00	14,770.00	214,770.00
2011-12	210,000.00	7,770.00	217,770.00
<i>Total</i>	<u><u>\$1,630,000.00</u></u>	<u><u>\$175,370.00</u></u>	<u><u>\$1,805,370.00</u></u>

Interest Rates:

2006-07	3.000%
2007-08	3.000%
2008-09	3.000%
2009-10	3.250%
2010-11	3.500%
2011-12	3.700%

GENERAL OBLIGATION BONDS
 SERIES 2003
 AMOUNT OF ISSUE: \$11,145,000
 REFUNDING BONDS
 PRINCIPAL & INTEREST REQUIREMENTS
 Property Tax Supported Debt

Year	Principal	Interest	Total
2006-07	\$2,860,000.00	\$92,950.00	\$2,952,950.00
<i>Total</i>	<u>\$2,860,000.00</u>	<u>\$92,950.00</u>	<u>\$2,952,950.00</u>

Interest Rates:

2006-07 - 5.250%

EASTSIDE PUBLIC IMPROVEMENT DISTRICT
COMBINATION ASSESSMENT and UTILITY SYSTEM REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2002
AMOUNT OF ISSUE: \$4,210,000.00
REFUNDING BONDS
PRINCIPAL & INTEREST REQUIREMENTS
 Self-Supporting Debt

Year	Principal	Interest	Total
2006-07	\$520,000.00	\$76,505.00	\$596,505.00
2007-08	530,000.00	62,717.50	592,717.50
2008-09	550,000.00	46,905.00	596,905.00
2009-10	565,000.00	29,340.00	594,340.00
2010-11	580,000.00	10,150.00	590,150.00
<i>Total</i>	<u><u>\$2,745,000.00</u></u>	<u><u>\$225,617.50</u></u>	<u><u>\$2,970,617.50</u></u>

COMBINATION TAX and HOTEL OCCUPANCY TAX
 CERTIFICATES OF OBLIGATION
 SERIES 1999
 AMOUNT OF ISSUE: \$4,800,000.00
 PRINCIPAL & INTEREST REQUIREMENTS
 Self-Supporting Debt

Year	Principal	Interest	Total
2006-07	\$315,000.00	\$151,235.00	\$466,235.00
2007-08	330,000.00	136,272.50	466,272.50
2008-09	350,000.00	120,267.50	470,267.50
2009-10	365,000.00	103,292.50	468,292.50
2010-11	385,000.00	85,225.00	470,225.00
2011-12	405,000.00	65,975.00	470,975.00
2012-13	425,000.00	45,725.00	470,725.00
2013-14	450,000.00	23,625.00	473,625.00
Total	<u><u>\$3,025,000.00</u></u>	<u><u>\$731,617.50</u></u>	<u><u>\$3,756,617.50</u></u>

Interest Rates:

2006	-	4.650%
2007	-	4.750%
2008-09	-	4.850%
2010	-	4.950%
2011-12	-	5.000%
2013	-	5.200%
2014	-	5.250%

COMBINATION TAX and REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2004
AMOUNT OF ISSUE: \$7,895,000
PRINCIPAL & INTEREST REQUIREMENTS
Self-Supporting Debt

Year	Principal	Interest	Total
2006-07	\$175,000.00	\$428,058.75	\$603,058.75
2007-08	180,000.00	422,950.00	602,950.00
2008-09	185,000.00	416,783.75	601,783.75
2009-10	195,000.00	409,605.00	604,605.00
2010-11	200,000.00	400,852.50	600,852.50
2011-12	210,000.00	390,705.00	600,705.00
2012-13	225,000.00	379,938.75	604,938.75
2013-14	235,000.00	368,553.75	603,553.75
2014-15	245,000.00	356,673.75	601,673.75
2015-16	260,000.00	343,070.00	603,070.00
2016-17	275,000.00	327,555.00	602,555.00
2017-18	290,000.00	311,170.00	601,170.00
2018-19	310,000.00	293,770.00	603,770.00
2019-20	330,000.00	275,210.00	605,210.00
2020-21	350,000.00	255,490.00	605,490.00
2021-22	370,000.00	234,610.00	604,610.00
2022-23	390,000.00	212,570.00	602,570.00
2023-24	415,000.00	189,225.00	604,225.00
2024-25	440,000.00	164,430.00	604,430.00
2025-26	465,000.00	138,185.00	603,185.00
2026-27	490,000.00	110,490.00	600,490.00
2027-28	520,000.00	81,200.00	601,200.00
2028-29	555,000.00	50,025.00	605,025.00
2029-30	585,000.00	16,965.00	601,965.00
Total	\$7,895,000.00	\$6,578,086.25	\$14,473,086.25

Interest Rates:

2006-07	-	2.650%
2007-08	-	3.100%
2008-09	-	3.650%
2009-10	-	3.900%
2010-15	-	4.950%
2015-30		5.800%

COMBINATION TAX and REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2004A
AMOUNT OF ISSUE: \$970,000
PRINCIPAL & INTEREST REQUIREMENTS
Self-Supporting Debt

Year	Principal	Interest	Total
2006-07	\$25,000.00	\$37,690.00	\$62,690.00
2007-08	30,000.00	37,002.50	67,002.50
2008-09	30,000.00	36,252.50	66,252.50
2009-10	30,000.00	35,502.50	65,502.50
2010-11	30,000.00	34,696.25	64,696.25
2011-12	30,000.00	33,717.50	63,717.50
2012-13	30,000.00	32,622.50	62,622.50
2013-14	35,000.00	31,436.25	66,436.25
2014-15	35,000.00	30,158.75	65,158.75
2015-16	35,000.00	28,820.00	63,820.00
2016-17	35,000.00	27,420.00	62,420.00
2017-18	40,000.00	25,920.00	65,920.00
2018-19	40,000.00	24,240.00	64,240.00
2019-20	40,000.00	22,480.00	62,480.00
2020-21	45,000.00	20,610.00	65,610.00
2021-22	45,000.00	18,630.00	63,630.00
2022-23	50,000.00	16,540.00	66,540.00
2023-24	50,000.00	14,340.00	64,340.00
2024-25	50,000.00	12,140.00	62,140.00
2025-26	55,000.00	9,775.00	64,775.00
2026-27	60,000.00	7,130.00	67,130.00
2027-28	60,000.00	4,370.00	64,370.00
2028-29	65,000.00	1,495.00	66,495.00
Total	\$945,000.00	\$542,988.75	\$1,487,988.75

Interest Rates:

2006-10	-	2.500%
2010-11	-	2.875%
2011-15	-	3.650%
2015--18	-	4.000%
2018-25	-	4.400%
2025-29	-	4.600%

SPECIAL REVENUE FUNDS REVENUE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
POLICE FORFEITURE FUND	\$29,543	\$20,000	\$20,000	\$20,000	1.10%
DONATIONS	41,388	22,275	36,018	22,017	1.21%
YOUTH SCHOLARSHIP	4,785	3,000	3,000	3,000	0.16%
GRANTS	139,983	369,832	364,209	91,800	5.03%
BUILDING SECURITY FUND	52,009	36,700	36,700	36,700	2.01%
COURT TECHNOLOGY	69,225	50,000	50,000	50,000	2.74%
LANDFILL CLOSURE/POST-CLOSURE	962,054	850,000	850,000	850,000	46.61%
STARS CENTER	641,135	600,000	600,000	600,000	32.90%
CEMETERY	0	150,000	150,000	150,000	8.23%
GRAND TOTAL	<u>\$1,940,122</u>	<u>\$2,101,807</u>	<u>\$2,109,927</u>	<u>\$1,823,517</u>	<u>100.00%</u>

SPECIAL REVENUE FUNDS EXPENDITURE SUMMARY

	ACTUAL 2004-05	ADOPTED BUDGET 2005-06	YEAR-END AMENDED BUDGET 2005-06	ADOPTED BUDGET 2006-07	PERCENT OF BUDGET
POLICE FORFEITURE FUND	\$27,727	\$97,400	\$97,400	\$107,400	4.58%
DONATIONS	68,481	85,502	99,502	87,502	3.73%
YOUTH SCHOLARSHIP	1,786	5,900	5,900	5,900	0.25%
GRANTS	138,899	369,832	365,899	91,800	3.91%
BUILDING SECURITY FUND	62,333	73,800	50,200	64,600	2.75%
COURT TECHNOLOGY	47,449	158,370	158,370	33,220	1.42%
LANDFILL CLOSURE/POST-CLOSURE	1,043,050	1,305,000	1,305,000	1,305,000	55.59%
STARS CENTER	450,000	495,000	495,000	638,000	27.18%
CEMETERY	0	14,000	14,000	14,000	0.60%
GRAND TOTAL	<u>\$1,839,725</u>	<u>\$2,604,804</u>	<u>\$2,591,271</u>	<u>\$2,347,422</u>	<u>100.00%</u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Police Forfeiture Fund

<i>PROJECTED BEGINNING FUND BALANCE</i>			\$122,244
BUDGETED REVENUES			
Court Ordered Forfeitures		<u>\$20,000</u>	
TOTAL BUDGETED REVENUES		<u>\$20,000</u>	20,000
BUDGETED EXPENDITURES			
Operating		\$15,000	
Red Ribbon Tournament		4,000	
Training		18,400	
Tactical Equipment		25,000	
Office Supplies and Equipment		25,000	
Federal Expenditures		<u>20,000</u>	
TOTAL BUDGETED EXPENDITURES		<u>\$107,400</u>	<u>(107,400)</u>
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$34,844</u></u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Donations

BEGINNING FUND BALANCE		\$77,785
BUDGETED REVENUES		
Flexible Spending Account Refunds	\$5,000	
Donations Received for Environmental Health	100	
Donations Received for Senior Center	3,475	
Donations Received for Parks - Kidfish Event	6,300	
Donations Received for Police	2,000	
Donations Received for Parks	400	
Donations Received for Fire	2,742	
Donations Received for Library	2,000	
	<hr/>	
TOTAL BUDGETED REVENUES	\$22,017	22,017
BUDGETED EXPENDITURES		
Human Resources		
Wellness Program	\$40,000	
Health Fair	7,500	
Communications - Travel/Presentations (Innovations)		
Travel & Presentations (Innovations)	1,502	
Staff Services	400	
Animal Care	100	
Police Training Aids & Equipment	3,000	
Fire Equipment and Training	3,000	
Parks - Kidfish Event	6,000	
Senior Center	2,000	
Library Materials	2,000	
Historical Park		
Purchase Antiques	7,500	
Land Grant Office	6,000	
Victorian House - Purchase Artifacts	6,500	
Log Cabins - Restoration Projects	2,000	
	<hr/>	
TOTAL BUDGETED EXPENDITURES	\$87,502	(87,502)
PROJECTED ENDING FUND BALANCE (1,		<hr/> <hr/>
		\$12,300

NOTE:

(1) The projected ending fund balance is designated as follows:

Art/Cultural	\$149
Fire	825
Flexible Spending Refunds - Medical Reimbursement	(6,017)
Historical Park	(10,787)
Innovations	428
Kidfish	1,881
Library	11,441
Park Improvements	1,739
Revitalization Projects	329
Safety	5,489
Senior Center	6,611
Animal Care	211
	<u>\$12,300</u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Youth Scholarship

<i>BEGINNING FUND BALANCE</i>			\$11,728
BUDGETED REVENUES			
Youth Scholarship		<u>\$3,000</u>	
TOTAL BUDGETED REVENUES		<u>\$3,000</u>	3,000
BUDGETED EXPENDITURES			
Parks & Recreation		<u>\$5,900</u>	
TOTAL BUDGETED EXPENDITURES		<u>\$5,900</u>	<u>(5,900)</u>
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$8,828</u></u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Grants

<i>BEGINNING FUND BALANCE</i>			\$0
BUDGETED REVENUES			
Environmental Health	\$700		
Police Uniforms	12,100		
Police TxDot STEP Grant	70,000		
Lone Star Libraries Grant	<u>9,000</u>		
TOTAL BUDGETED REVENUES	<u>\$91,800</u>	91,800	
BUDGETED EXPENDITURES			
Environmental Health	\$700		
Patrol Uniforms	12,100		
Police Overtime	70,000		
Lone Star Libraries Grant	<u>9,000</u>		
TOTAL BUDGETED EXPENDITURES	<u>\$91,800</u>	<u>(91,800)</u>	
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$0</u></u>

Note: Deficits in beginning or ending fund balance are a result of a timing difference between grant expenditures incurred and the filing of requests for reimbursements.

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Building Security Fund

<i>BEGINNING FUND BALANCE</i>			\$164,360
BUDGETED REVENUES			
Building Security	\$36,700		
TOTAL BUDGETED REVENUES	<u>\$36,700</u>	36,700	
BUDGETED EXPENDITURES			
Repairs and Maintenance	\$43,100		
Court Security	<u>21,500</u>		
TOTAL BUDGETED EXPENDITURES	<u>\$64,600</u>	<u>(64,600)</u>	
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$136,460</u></u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Court Technology Fund

<i>BEGINNING FUND BALANCE</i>			\$131,806
BUDGETED REVENUES			
Court Fines	\$50,000		
TOTAL BUDGETED REVENUES	\$50,000	50,000	
BUDGETED EXPENDITURES			
Court Technology	\$14,000		
Services	420		
Equipment - Office	18,800		
TOTAL BUDGETED EXPENDITURES	\$33,220	(33,220)	
<i>PROJECTED ENDING FUND BALANCE</i>			<u>\$148,586</u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Landfill Closure/Post-Closure

<i>BEGINNING FUND BALANCE</i>			\$5,003,922
BUDGETED REVENUES			
Landfill Closure / Post-Closure	<u>\$850,000</u>		
TOTAL BUDGETED REVENUES	<u>\$850,000</u>	850,000	
BUDGETED EXPENDITURES			
Gas Collection System - Design	<u>\$1,305,000</u>		
TOTAL BUDGETED EXPENDITURES	<u>\$1,305,000</u>	<u>(1,305,000)</u>	
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$4,548,922</u></u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Stars Center

<i>BEGINNING FUND BALANCE</i>			\$292,548
BUDGETED REVENUES			
Rent		<u>\$600,000</u>	
TOTAL BUDGETED REVENUES		<u>\$600,000</u>	600,000
BUDGETED EXPENDITURES			
Debt Service Transfers		<u>\$638,000</u>	
TOTAL BUDGETED EXPENDITURES		<u>\$638,000</u>	<u>(638,000)</u>
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$254,548</u></u>

SPECIAL REVENUE FUND

Adopted Budget 2006-07

Cemetery

<i>BEGINNING FUND BALANCE</i>			\$136,000
BUDGETED REVENUES			
Association Dues	\$150,000		
TOTAL BUDGETED REVENUES	\$150,000	150,000	
BUDGETED EXPENDITURES			
Personal Services/Benefits	\$12,500		
Supplies	400		
Repairs and Maintenance	500		
Services	600		
TOTAL BUDGETED EXPENDITURES	\$14,000	(14,000)	
<i>PROJECTED ENDING FUND BALANCE</i>			<u><u>\$272,000</u></u>

FIXED ASSET FUND SUMMARY

		ADOPTED BUDGET 2006-07
		<hr/>
<i>ESTIMATED FUND BALANCE 9/30/2006</i>		\$814,137
2006-07 ESTIMATED TRANSFER FROM OPERATING FUNDS		2,127,100
2006-07 ESTIMATED FIXED ASSET PURCHASES		(2,735,100)
2006-07 DESIGNATION FOR FUTURE PURCHASES	(1)	(130,000)
2006-07 PROCEEDS FROM AUCTIONS		<hr/> 200,000
<i>ESTIMATED UNALLOCATED FUND BALANCE 9/30/2007</i>		<hr/> <hr/> \$276,137

(1) Future purchase designations totaling \$130,000 are for Police Vehicles.

FIXED ASSETS

DIVISION	DESCRIPTION	YEAR-END AMENDED BUDGET TRANSFERS	YEAR-END AMENDED BUDGET PLANNED PURCHASES	ADOPTED BUDGET TRANSFERS	ADOPTED BUDGET PLANNED PURCHASES
		2005-06	2005-06	2006-07	2006-07
<i>Communications</i>	Replacement Camera System	\$	\$	\$ 37,000	\$ 37,000
	Division Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ 37,000</u>
Information Services	Network Replacement/Upgrade Program	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
	UPS Replacement (1)			30,000	60,000
	Division Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 55,000</u>	<u>\$ 85,000</u>
Community Services	Copier	\$ 15,000	\$ 15,000	\$	\$
	Microfilm Reader			5,700	5,700
	Division Total	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>
Building Inspections	Vehicle(s)	\$	\$	\$ 25,600	\$ 25,600
	Software	45,000	45,000		
	Division Total	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 25,600</u>	<u>\$ 25,600</u>
Environmental Health	Vehicle(s)	\$ 24,000	\$ 24,000	\$ 35,000	\$ 35,000
	Air Conditioning Units	15,000	15,000		
	Flooring	11,700	11,700		
	Mosquito Sprayer			8,700	8,700
	Animal Shelter Roof Replacement			38,500	38,500
	Division Total	<u>\$ 50,700</u>	<u>\$ 50,700</u>	<u>\$ 82,200</u>	<u>\$ 82,200</u>
Engineering	Vehicle	\$ 24,000	\$ 24,000	\$ 25,600	\$ 25,600
	Plotter	18,000	18,000		
	Division Total	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 25,600</u>	<u>\$ 25,600</u>
<i>Solid Waste</i>	Vehicle(s)	\$ 34,900	\$ 34,900	\$ 29,300	\$ 29,300
	Replacement Rear Loader			186,300	186,300
	Division Total	<u>\$ 34,900</u>	<u>\$ 34,900</u>	<u>\$ 215,600</u>	<u>\$ 215,600</u>
<i>Street Maintenance</i>	Dump Truck	\$ 72,000	\$ 72,000	\$ 118,000	\$ 118,000
	Pavement Saw	16,000	16,000		
	Vehicle(s)			26,000	26,000
	Dowel Pin Drill			6,500	6,500
	Sand Spreader			8,000	8,000
	Division Total	<u>\$ 88,000</u>	<u>\$ 88,000</u>	<u>\$ 158,500</u>	<u>\$ 158,500</u>

FIXED ASSETS

DIVISION	DESCRIPTION		YEAR-END AMENDED BUDGET TRANSFERS	YEAR-END AMENDED BUDGET PLANNED PURCHASES	ADOPTED BUDGET TRANSFERS	ADOPTED BUDGET PLANNED PURCHASES
			2005-06	2005-06	2006-07	2006-07
<i>Police Administration</i>	Carpet Replacement		\$ 13,500	\$ 13,500	\$	\$
	Division Total		<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Police Patrol</i>	Vehicle(s)	(2)	\$ 85,000	\$ 330,000	\$ 240,000	\$ 125,000
	Division Total		<u>\$ 85,000</u>	<u>\$ 330,000</u>	<u>\$ 240,000</u>	<u>\$ 125,000</u>
<i>Police Communications</i>	Trunk Radio System Upgrade	(3)	\$	\$ 16,600	\$	\$
	Telephone Mapping Solutions		50,000			
	Division Total		<u>\$ 50,000</u>	<u>\$ 16,600</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Fire Administration</i>	EMS Software	(4)	\$	\$ 6,800	\$	\$
	Siren System Repeater		6,200	6,200		
	Division Total		<u>\$ 6,200</u>	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Fire Prevention</i>	Vehicle(s)		\$ 24,500	\$ 24,500	\$ 48,500	\$ 48,500
	Division Total		<u>\$ 24,500</u>	<u>\$ 24,500</u>	<u>\$ 48,500</u>	<u>\$ 48,500</u>
<i>Fire Operations</i>	Fire Engine & Ambulance Replacement	(5)	\$ 250,000	\$ 587,000	\$ 300,000	\$ 720,000
	Emergency Generator		4,800	14,800		
	Division Total		<u>\$ 254,800</u>	<u>\$ 601,800</u>	<u>\$ 300,000</u>	<u>\$ 720,000</u>
<i>Building Maintenance</i>	Vehicle		\$ 24,500	\$ 24,500	\$	\$
	Software				13,000	13,000
	Division Total		<u>\$ 24,500</u>	<u>\$ 24,500</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>
<i>Park Maintenance</i>	Mower(s)		\$ 21,200	\$ 21,200	\$ 21,200	\$ 21,200
	Vehicle(s)		212,600	212,600	75,000	75,000
	Replacement Equipment		41,000	41,000	64,000	64,000
	Division Total		<u>\$ 274,800</u>	<u>\$ 274,800</u>	<u>\$ 160,200</u>	<u>\$ 160,200</u>
<i>Recreation</i>	Vehicle(s)		\$	\$	\$ 26,500	\$ 26,500
	Division Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,500</u>	<u>\$ 26,500</u>
<i>Pool</i>	Lockers		\$	\$	\$ 6,000	\$ 6,000
	Pool Cleaner				5,000	5,000
	Division Total		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>
<i>Senior Center</i>	Vehicle		\$ 24,000	\$ 24,000	\$ 86,000	\$ 86,000
	Division Total		<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 86,000</u>	<u>\$ 86,000</u>
<i>Historical Preservation</i>	Vehicle		\$ 24,000	\$ 24,000	\$	\$
	Division Total		<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Library</i>	Library Materials		\$ 169,600	\$ 169,600	\$ 176,400	\$ 176,400
	Facility Upgrades		75,000			
	Digital Outdoor Sign				22,500	22,500
	Division Total		<u>\$ 244,600</u>	<u>\$ 169,600</u>	<u>\$ 198,900</u>	<u>\$ 198,900</u>

FIXED ASSETS

DIVISION	DESCRIPTION	YEAR-END	YEAR-END	ADOPTED	ADOPTED
		AMENDED BUDGET TRANSFERS 2005-06	AMENDED BUDGET PLANNED PURCHASES 2005-06	BUDGET TRANSFERS 2006-07	BUDGET PLANNED PURCHASES 2006-07
<i>Fleet Maintenance</i>	Fuel Tank Monitors	\$ 18,000	\$	\$	\$ 18,000
	Vehicle	25,000	25,000		
	Fuel Storage Tank			75,000	75,000
	Fuel System Upgrade			83,000	83,000
	Pressure Washer			5,000	5,000
	Division Total	<u>\$ 43,000</u>	<u>\$ 25,000</u>	<u>\$ 163,000</u>	<u>\$ 181,000</u>
Water & Sewer Operations	Replacement Vehicle(s)	\$ 74,000	\$ 74,000	\$ 25,500	\$ 25,500
	Meter Reading Equipment Conversion	40,000		60,000	190,000
	Dump Truck	72,000	72,000		
	Sewer Inspection Van & Camera	120,000	120,000		
	Sewer Camera	10,000	10,000		
	Flow Monitoring Equipment	6,000	6,000		
	Sewer Truck			90,000	90,000
	Backhoe			85,000	85,000
	Division Total	<u>\$ 322,000</u>	<u>\$ 282,000</u>	<u>\$ 260,500</u>	<u>\$ 390,500</u>
Grants	Fire Rescue Response Vehicle - UASI (5)	\$ 256,500	\$	\$	\$
	Division Total	<u>\$ 256,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Building Security</i>	Security System	\$	\$	\$ 14,300	\$ 14,300
	Division Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,300</u>	<u>\$ 14,300</u>
<i>Court Technology</i>	Electronic Ticket Writers	\$ 125,000	\$	\$	\$ 125,000
	Division Total	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>
Total		<u>\$ 2,073,000</u>	<u>\$ 2,123,900</u>	<u>\$ 2,127,100</u>	<u>\$ 2,735,100</u>
Totals by Fund:					
	General Fund	\$ 1,302,500	\$ 1,792,900	\$ 1,689,300	\$ 2,024,300
	Water & Sewer Fund	322,000	282,000	260,500	390,500
	Internal Service Fund	43,000	25,000	163,000	181,000
	Hotel/Motel Fund	24,000	24,000	-	-
	Special Revenue Funds	381,500	-	14,300	139,300
		<u>\$ 2,073,000</u>	<u>\$ 2,123,900</u>	<u>\$ 2,127,100</u>	<u>\$ 2,735,100</u>

Footnotes for Transfers and Purchases:

- (1) Funding for UPS replacement to take place over a two year period.
- (2) Annual replacement of police vehicles. Transfers cover purchases on a multi-year basis and were reduced for the 2005-06 fiscal year due to the cancellation of the Non-Departmental Division Records Management system, which added \$135,000 to fund balance.
- (3) The fifth and sixth (final installment) of the trunk radio system are being funded from Fixed Asset fund balance. Expenditures are offset by increased 9-1-1 revenues and the use of \$700,000 of Fixed Asset Fund Balance.
- (4) Purchase from fixed asset fund balance.
- (5) Ongoing replacement funding to cover purchases on a multi-year basis. In the 2005-06 Budget Transfers the actual estimated cost of the ambulance replacement is \$145,000 and the rescue vehicle is estimated to cost \$442,000. A federal UASI grant contribution will fund \$256,500 of the rescue vehicle cost.

CAPITAL IMPROVEMENT PROGRAM BUDGET 2006-07 ADOPTED BUDGET

The Capital Improvement Program (CIP) consists of budgets for seven capital improvement funds that represent the capital spending plan for the City. The first three funds listed represent the City's Pay-As-You-Go Program. The seven capital improvement funds include:

- **Non-Bond Capital Improvement Program (CIP) Fund:** The revenues are primarily from General Fund transfers. Expenditures are for improvements to municipal facilities, parks, land acquisition, the Street Resurfacing and Reconstruction Programs, and other capital improvement projects not included in one of the other funds. This fund accounts for most new capital improvement projects of the City as remaining bond-funded programs near completion.
- **Hotel/Motel Capital Improvement Program (CIP) Fund:** This fund was previously identified as the Historical Park Fund. The revenues are exclusively from the Hotel/Motel Fund. Expenditures are for improvements to the Historical Park.
- **Non-Bond Utility Fund:** The revenues consist of transfers from the Water & Sewer Fund, a transfer of interest earnings from the Sewer Interceptor Fund, and funds from the County's Community Development Block Grant Program. Expenditures are for water and sanitary sewer improvements. The budget has been expanded to begin funding capital replacement at levels based on the annual depreciation of the water and sanitary sewer systems.
- **Water Bond Fund:** The revenues consist of water bond proceeds authorized in the 1985 Bond Program and earned interest on the bond proceeds. Expenditures are for water system improvements. This fund will be closed out upon completion of the Pump Station #3.
- **DART Local Assistance Program (LAP) Fund:** The revenues are primarily from DART with supplemental funding from earned interest, the Texas Department of Transportation (TxDOT), and Dallas County. Expenditures are for street, traffic, and transportation improvements associated with transit. Revenue projections are provided throughout the duration of the LAP that ends in 2004-05.
- **Tax Increment Finance District #1 Fund:** The Mercer Crossing TIF district expires in 2018 and the fund will be active until that expiration date. Revenues will be generated from bonds, developers' contributions and advances, and property tax payments.
- **Tax Increment Finance District #2 Fund:** The Old Farmers Branch TIF district expires in 2019 and the fund will be active until that expiration date. Revenues will be generated from bonds, developers' contributions and advances, and property tax payments.

Capital Improvement Budget:

Project Descriptions for Adopted 2006-07 Fiscal Year Budget

The following is a complete list of capital improvement projects that are currently underway or are planned for the future. The budget amount indicated below the name of each project represents the total budget for that project in that fund, as some projects are funded through more than one fund in the Capital Improvement Budget. Projects funded by the Pay-As-You-Go program are identified in the first three funds- the Non-Bond Fund, the Hotel/Motel CIP Fund, and the Non-Bond Utility Fund.

Changes to funding or scope of work of existing projects appear in *italicized, underlined print*. New projects appear in **bold print**. Discussions of funding and changes in scope of work approved in prior years have been deleted.

NON-BOND FUND

In prior year budgets, the Non-Bond Fund was presented as a four-year budget and was supplemented by a Long Range Plan that extended out an additional three years. This year, the four-year budget and the Long Range Plan have been incorporated into a single document. Annual programs such as the Street Resurfacing Program, Redevelopment, and Railroad Crossings will appear to have large increases in budget due to the addition of three additional years of funding. However, these were planned expenditures that had previously been identified in the Long Range Plan.

Fire Station No.3 & Administrative Facility

\$6,154,746

This project provides for the construction a third fire station and administrative offices for the Fire Department on the west side of the City. Operating Budget Impact: General Fund operating costs are expected to increase by approximately \$1,000,000 per year in order to staff this facility. The budget has been increased from \$5,271,944 based on revised cost estimates from the construction manager. This increase was discussed with the Council at the budget work session held on August 21, 2006.

Oakbrook/Ken Rymer Park Amenities

\$1,273,012

The park is located at the corner of Oakbrook Parkway and Park Lake Court. Although the project is complete, the City is required to budget funds to meet the Corps of Engineers' requirements for maintaining water plantings. The budget has been decreased from \$1,290,012 due to the reduced amount of plantings that will be required for compliance. Operating Budget Impact: Increased maintenance costs associated with maintaining the landscaping and turf.

Playground/Park Renovations

\$734,500

The budget provides for playground or park renovations at various City parks, which are scheduled to occur every other year. Funding is provided from Parks and Recreation Department transfers. This budget includes funding for Dennis Lane median enhancements at Pepper Park as well as park renovations scheduled through 2011-12. Operating Budget Impact: Minimal.

Oran Good Tennis Court Renovations/Removal

\$5,000

This budget provides funds to resurface the tennis courts with concrete, which will provide a safe surface for children to play. Operating Budget Impact: N/A.

Mallon Lake Improvements

\$200,000

This project provides funding for the dredging of Mallon Lake, on the west side of Josey Lane, and repairing the retaining walls. Operating Budget Impact: The project is intended to increase the number of years between lake dredgings, which will reduce maintenance costs.

Redevelopment Program

\$4,060,000

This program funds improvements to revitalization areas. Funds will be used to address the DART Station Area and other possible locations. In 2006-07, funds totaling \$1.5 million are available for this purpose. These funds may also be used for neighborhood revitalization programs and supplemented by a \$1 million loan from the Water and Sewer Fund.

Bridge- Farmers Branch Creek @ Mobil

\$300,000

The project provides funding for the installation of a bridge over Farmers Branch Creek east of Midway Road. The developer on the north side of the Mobil tract is providing \$100,000 to the City for the construction of a bridge over Farmers Branch Creek. The developer on the south side of the Mobil tract is providing \$200,000 to the City for the construction of a bridge over Farmers Branch Creek. A Developer's Contract with Mobil Technology Company sets forth the conditions relative to the timing of the construction of the bridge, which is dependent upon development on the undeveloped tracts. Operating Budget Impact: None.

Rawhide Creek FEMA Study

\$182,000

The project provides for a hydrologic and hydraulic study to update the National Flood Insurance Maps. The map delineates the 100-year flood plain and is used to determine the cost of flood insurance. The last update was conducted in 1988. Operating Budget Impact: None.

Transit Oriented Development

\$708,026

This project provides funding for land acquisition and additional improvements around the proposed DART light rail station. Operating Budget Impact: Not applicable.

Railroad Crossing Improvements

\$1,050,000

This project funds the reconstruction of railroad crossings at various locations throughout the City. Funding is available from Public Works Department transfers. Operating Budget Impact: Reduced maintenance costs.

Traffic Signal: Inwood Rd. and International Parkway

\$100,000

This project provides for the installation of a new traffic signal at the intersection of Inwood Road and International Parkway. A developer will advance the funding. Operating Budget Impact: Minimal electrical cost.

Traffic Signal: Valley View and George Bush Tollway

\$150,000

In April 2003, the City Council approved an Interlocal Agreement with the North Texas Tollway Authority (NTTA) for the construction of the George Bush Tollway through the City. A provision of that agreement provides for the NTTA to reimburse the City up to \$150,000 for the cost of providing the traffic signal at the Valley View Lane interchange. Operating Budget Impact: Minimal electrical cost.

Landfill Improvements

\$108,000

This project will fund improvements at the Camelot Landfill. Operating Budget Impact: None.

NON-BOND FUND (Continued)

CDBG Sidewalk (Bee Street)

\$148,641

This project will provide sidewalks along Bee Street from Brandywine south to Havenhurst on the east and west sides of the street. The budget has been increased from \$103,031 to fund additional sidewalk areas. Funding for the increase is available from CDBG funds remaining funds from the Cooks Creek sidewalk project (also CDBG funded). This information was presented to the City Council in May 2006. Operating Budget Impact: Minimal maintenance costs.

CDBG Sidewalk (Havenhurst)

\$83,280

This is a new project to fund sidewalk construction on the north side of Havenhurst Street from Bee Street to Dennis Lane. Funds for this project are available from CDBG monies. Operating Budget Impact: Minimal maintenance costs.

Sidewalks

\$100,000

This is a new project to fund sidewalk construction and repair. Funds for this project are available from Non-Bond CIP Fund Balance. Operating Budget Impact: Minimal maintenance costs.

Replace Pedestrian Bridge (near Templeton)

\$150,000

This is a new project that will replace the existing pedestrian bridge and fund construction of a new pedestrian bridge on the south side of Valley View Lane near Templeton Trails. The existing bridge does not meet federal standards related to ADA requirements. Funds for this project are available from budget reductions in the Longmeade Street Reconstruction project. Operating Budget Impact: Reduce maintenance costs by eliminating need to replace major wood components.

Luna-Mira Lago Frontage Road Connection

\$555,400

This new project provides for the construction of an eastbound service road connection between Luna Road and the Mira Lago development on the City's Westside. The zoning for the Mira Lago development requires this service road. The developer is providing funding for this project. The City Council has previously approved this project at the July 17, 2006 Council meeting. Operating Budget Impact: None.

Street Resurfacing Program

\$17,619,567

This project provides for the annual resurfacing of various street as identified in the annual street evaluation program. Operating Budget Impact: Reduced maintenance costs because resurfacing preserves/extends the life of miles of streets that would be expensive to reconstruct.

1999-00 Street Reconstruction- N. Josey Lane

\$150,000

This project provides funding for the reconstruction of Josey Lane from the north city limit to Valwood Parkway. The project includes increasing the lane width, reconstructing the roadway with concrete, installation of new storm sewers, construction of a new bridge over Cook Creek, placement of approximately 1,600 linear feet of water line, and median enhancements. The total project budget has been decreased from \$3,530,000 based on final construction costs. Supplemental funding in the amount of \$3,280,000 is provided in the DART LAP Fund. Operating Budget Impact: Increased costs associated with maintaining the landscaping in the medians and reduced costs associated with maintaining the pavement.

NON-BOND FUND (Continued)

2002-03 Street Reconstruction- Braemar Circle, Fruitland Avenue

\$425,000

The project provides for the reconstruction of pavement, sidewalks, and drive approaches on Braemar Circle and on Fruitland Avenue from Bee Street to Denton Drive. The total project budget is \$450,000. The water line improvements associated with the street reconstruction are partially funded in the Non-Bond Utility Fund (\$25,000). Operating Budget Impact: Reduced costs associated with maintaining the pavement.

2003-04 Street Reconstruction- Longmeade Drive

\$1,400,000

This project provides for the reconstruction of pavement, sidewalks, and drive approaches on Longmeade Drive from Webb Chapel Road to Golfing Green Drive. The total project budget has been decreased to \$1,750,000. The final project costs are less than anticipated. The water line improvements associated with the street reconstruction are partially funded in the Non-Bond Utility Fund (\$350,000). Operating Budget Impact: Reduced costs associated with maintaining the pavement.

2004-07 Street Reconstruction- Senlac Drive

\$2,325,000

This project provides for the reconstruction of Senlac Drive, from Diplomat Drive to Valwood Parkway. Due to the scope and size of this street reconstruction project, 3 years of funding, 2004-05, 2005-06, and 2006-07 have been combined. The total project budget is \$3,000,000. The water line improvements associated with the street reconstruction are partially funded in the Non-Bond Utility Fund (\$675,000). Operating Budget Impact: Reduced costs associated with maintaining the pavement.

HOTEL/MOTEL CAPITAL IMPROVEMENT FUND

Future Project

\$123,074

These funds are reserved for future projects as determined by the City Council. Operating Budget Impact: Unknown until project is identified.

Historical Park Masterplan

\$30,000

The masterplan will guide future development of the Park's programs and facilities. Specifically, the masterplan will focus on identifying programs, tours, and activities that can be offered at the Park, as well as developing design elements for a museum structure at the Park. Operating Budget Impact: Unknown until results of the masterplan are submitted to the City.

NON-BOND UTILITY FUND

In prior year budgets, the Non-Bond Utility Fund was presented as a four-year budget and was supplemented by a Long Range Plan that extended out an additional three years. This year, the four-year budget and the Long Range Plan have been incorporated into a single document. Annual programs such as the Utility Replacement & Improvements, I & I Repairs, Technology/Security Improvements, and Motor/Tank/Pump Improvements will appear to have large increases in budget due to the addition of three additional years of funding. However, these were planned expenditures that had previously been identified in the Long Range Plan.

Westside Sanitary Sewer System Improvements

\$152,505

The project provides for improvements to the sanitary sewer collection system to allow for development on the west side of the City, including the Luna Road Lift Station. These expenditures were included in the \$200,000 budgeted for the Non-Bond Utility Fund portion of the Luna Road Lift Station.

NON-BOND UTILITY FUND (Continued)

Luna Road Lift Station
\$47,495

The project provides for improvements to the sanitary sewer collection system to allow for development on the west side of the City. The total project budget is \$1,680,000. Supplemental funding is available in the TIF #1 Fund (\$1,480,000). Operating Budget Impact: Increased operation (electrical usage) and maintenance cost.

Pump Station No. 3
\$294,533

The City's water distribution system master plan identified the need for a third pressure plane. This included the new pump station at Wicker Street. The total project budget is \$2,316,538. Supplemental funding in the Water Bond Fund is \$2,022,005. Operating Budget Impact: Increased costs associated with operation (electrical usage) and maintenance of the new facility.

Back-Up Generator @ Pump Station No. 3
\$390,000

The project provides for the purchase of a backup generator for Pump Station No. 3, which is associated with the third pressure plane and Wicker Pump Station to supply the City's water demand during power failures. Operating Budget Impact: Minimal.

Utility Replacement & Improvement

\$11,885,500

This project funds rehabilitation and replacement of water lines and sanitary sewers throughout the City. Operating Budget Impact: These improvements (1) reduce maintenance costs associated with sanitary sewer blockages; (2) reduce inflow and infiltration of ground water that increase wastewater treatment costs; and (3) reduce maintenance costs associated with water line breaks.

I & I Repairs

\$1,389,187

This is a yearly program that will provide for inflow and infiltration reduction improvements on the sanitary sewer system. Expenditures in future years will focus on identifying problems areas within the City so repairs can be made. Operating Budget Impact: These improvements reduce maintenance costs associated with reduce inflow and infiltration of ground water that increase wastewater treatment costs.

Service Center Improvements

\$1,800,000

This project was previously identified as "Westside Facility Improvements." This budget provides for Service Center improvements associated with operation and maintenance of the water and sanitary sewer system. The budget was increased from \$800,000 and includes \$150,000 for a study to develop a facility improvement plan. Expenditures in 2011-12, which are associated with the 2005-06 Needs Assessment presented to City Council, are earmarked for Service Center improvements related to supporting water and sanitary sewer operations. Operating Impact: Unclear until project scope is identified.

NON-BOND UTILITY FUND (Continued)

Replace I-35/Valwood Lift Station

\$298,797

This project provides funding for the replacement of the existing lift station at the southeast corner of Valwood Parkway and I-35. Originally, the project scope included replacing the existing lift station with a gravity flow sanitary sewer. The contract was awarded but the contractor abandoned the contract prior to completion. The budget has been increased from \$221,600 as a result of the City receiving payment from the surety company in the amount of the contract. The project was re-bid but bids were substantially greater than the funds available. Staff is currently evaluating other options to address the existing lift station. Operating Budget Impact: Unclear until project scope is identified.

Sanitary Sewer Protection- Veronica Circle (Farmers Branch Creek)

\$290,000

This project provides for the construction of gabion walls along the bank at Veronica Circle to protect the sanitary sewer line from future exposure. Operating Budget Impact: Reduces maintenance and repair costs; reduced risk to the City.

Sanitary Sewer Protection- Lost Valley (Farmers Branch Creek)

\$150,000

Originally, approximately 150 feet of the line was to be protected along the banks, similar to the condition of the line at Veronica Circle. In-depth field surveys determined that there were several hundred feet of unprotected line that could not be seen because it was underwater in the bed of the creek. Based on this information, staff and the consulting engineer are re-evaluating the project. Operating Budget Impact: Reduces maintenance and repair costs; reduced risk to the City.

Technology/Security Improvements

\$1,380,000

This project provides system-wide improvements to the water distribution system. The improvements consist of technology upgrades of system control, equipment and systems to continuously monitor water quality, and security improvements. Funding has been allocated from Non-Bond Utility fund balance and Reserves for Cost Increases. Operating Budget Impact: The goal of the technology improvements is to automate and streamline processes that are currently done manually, which will increase reliability and may decrease costs related to testing the water system. However, some of the software will require maintenance and periodic updates. The security improvements may also reduce operational costs through the installation of security systems that can be accessed remotely via the Internet instead of requiring a manual check of the system. Until specific systems are in place for both security and technology upgrades, the impact on the operating budget is difficult to assess.

Motor/Pump/Tank Improvements

\$1,867,534

This project will rehabilitate and/or replace major components of the water distribution system. The improvements are focused on improving system reliability by lowering maintenance costs, reducing power outages, increasing efficiency, and extending the useful lives of equipment and facilities. Funding has been allocated from Non-Bond Utility fund balance and Reserves for Cost Increases. Operating Budget Impact: Reduces maintenance costs.

Hard Points/Sewer Protection- Farmers Branch Creek

\$497,351

This project provides funding for maintaining and protecting the integrity of the sanitary sewer system in areas along Farmers Branch Creek where it is threatened by erosion or sedimentation. Operating Budget Impact: See Non-Bond CIP Fund.

NON-BOND UTILITY FUND (Continued)

2002-03 Street Reconstruction: Braemar Circle/Fruitland

\$25,000

This project provides for water line improvements associated with the street reconstruction. The total project budget is \$450,000 with \$425,000 funded in the Non-Bond Fund. Operating Budget Impact: Reduced costs associated with maintaining the water/sewer lines.

2003-04 Street Reconstruction: Longmeade Drive

\$350,000

This project provides for water line improvements associated with the street reconstruction. The total project budget is \$1,900,000 with \$1,550,000 funded in the Non-Bond Fund. Operating Budget Impact: Reduced costs associated with maintaining the water/sewer lines.

2004-07 Street Reconstruction: Senlac Drive

\$675,000

This project provides for water line improvements associated with the street reconstruction. The total project budget is \$3,000,000 with \$2,325,000 funded in the Non-Bond Fund. Operating Budget Impact: Reduced costs associated with maintaining the water/sewer lines.

Street Program- Water/SS Line Improvements:

\$900,000

The water line improvements associated with the street reconstruction program are partially funded in the Non-Bond Utility Fund. Previously, each street was identified individually. This budget combines all of these water line and sanitary sewer line improvements associated with street reconstruction projects into a single line item. Operating Budget Impact: Reduced costs associated with maintaining the water/sewer lines.

Reserve for Cost Increases & Other Projects

\$0

These funds have been used to fund water line replacements associated with the street reconstruction projects. Operating Budget Impact: Not applicable.

WATER BOND FUND

Pump Station No. 3

\$2,022,005

The City's water distribution system master plan identified the need for a third pressure plane. This included the new pump station at Wicker Street. The total project budget is \$2,316,538. Supplemental funding is available in the Non-Bond Utility Fund (\$294,533). Operating Budget Impact: See Non-Bond Utility Fund.

DART LOCAL ASSISTANCE PROGRAM FUND

Webb Chapel Widening

\$168,000

This project is the City's participation in the widening of Webb Chapel Road between IH 635 and Maybrook Drive by Texas Department of Transportation (TXDOT). Operating Budget Impact: Minimal.

1999-00 Street Reconstruction- N. Josey Lane

\$3,280,000

This project provides funding for the reconstruction of Josey Lane from the north city limit to Valwood Parkway. The project includes increasing the lane width, reconstructing the roadway with concrete, installation of new storm sewers, construction of a new bridge over Cooks Creek, placement of approximately 1,600 linear feet of water line, and median enhancements. The total project budget is \$3,430,000. Supplemental funding is provided in the Non-Bond Fund (\$150,000). Operating Budget Impact: See Non-Bond CIP Fund.

DART LOCAL ASSISTANCE PROGRAM FUND (Continued)

Valley View West
\$2,527,588

This project includes the City's participation in the widening of Valley View Lane from 4 to 6 lanes between Nicholson and Luna Roads. Operating Budget Impact: Increased costs associated with maintaining the plantings in the medians.

Incident Detection and Response Phase 2
\$555,000

This project will provide for improved video monitoring, expanded automated travel time monitoring, expanded motorist communication and improved signal system. Additional funds will be provided by Dallas County and Texas Department of Transportation. Operating Budget Impact: Minimal.

Eastside Transportation Management Association
\$120,000

This project is intended to form a partnership with employers to develop more efficient transportation solution in the Dallas North Tollway corridor. Additional funds will be provided by Texas Department of Transportation. Operating Budget Impact: Minimal.

Traffic Signal Communications
\$400,000

This project will provide for cable to be installed to connect the traffic signals west of Marsh Lane with fiber. This will have two benefits for the City. First, the City can eliminate the phone lines that have previously linked the traffic signals. Second, the fiber can also be used to connect City facilities, which will eliminate the need for a number of T1 switches. Operating Budget Impact: Substantially eliminate annual cost of T1 switches.

Traffic Signal: Valley View Lane and Hutton Drive
\$100,000

This project will provide for installation of a traffic signal at this intersection. The increased traffic at this location has made the signal necessary to improve safety. Operating Budget Impact: Minimal.

Station Area Streets
\$300,000

This project will provide for street improvements near the future DART light rail station. Operating Budget Impact: Minimal.

Luna/LBJ Traffic Signal
\$250,000

This is a new project that will provide for the replacement of the existing traffic signal at LBJ Freeway and Luna Road. The location of several traffic signal poles is too close to the curb line and they have been struck numerous time by moving vehicles. In addition, many of the lights are in need of replacement. The project will also include installation of opticom system for public safety purposes. Funding is available from DART fund balance. Operating Budget Impact: No additional impact.

Incident Detection and Response Phase 3
\$300,000

This is a new project that will provided for improved communication of traffic video and camera control data and an automated traffic congestion map of major Farmers Branch Streets. Currently, traffic video communication between City Hall and the camera locations is carried by the Cable television franchisee. The Cable system has proven to be unreliable and often provides poor quality images. Often camera control is not possible. A TxDOT grant will provide 80% of the project funding. The project requires \$40,000 of local matching funds.

TAX INCREMENT FINANCE DISTRICT #1

Zone School Project Costs: Carrollton-Farmers Branch Independent School District

\$3,801,861

The Tax Increment Finance (TIF) District provides for the construction of a school within the TIF district. As specified in the TIF agreement, Carrollton-Farmers Branch Independent School District will require 65% of their tax increment payments for school purposes in accordance with the agreement between the City and CFBISD. The budget has been reduced based on actual TIF revenues received from CFBISD. Operating Budget Impact: None.

Zone School Project Costs: Dallas Independent School District

\$708

As specified in the TIF agreement, Dallas Independent School District (DISD) will require 20% of their tax increment payments for school purposes in accordance with the agreement between the City and DISD. The budget has been reduced based on actual TIF revenues received from DISD. Operating Budget Impact: None.

Mercer Boulevard

\$3,650,000

This project provides funding for the construction of a new street, Mercer Boulevard (previously named Westside Parkway) from Valley View Lane to Luna Road. The developer will be advancing funds for this project. Operating Budget Impact: Increased costs associated with maintaining the plantings in the medians until the property owners association, which will assume responsibility for maintenance of the landscaping, is created; economic growth is anticipated to result.

Lake Improvements: north of I-635

\$3,000,000

This project provides for a hydraulic analysis of the sump storage on the Westside and design of lake improvements that will be the focal point for Westside development. A developer will be providing advance funding for this project. Operating Budget Impact: Minimal; economic growth is anticipated to result.

"Peninsula Tract" improvements- Phase 1

\$1,400,000

This project will provide for the construction of improvements on approximately 66 acres of land southwest of IH-635 and Luna Road. The improvements will include water distribution, sanitary sewer collection, and drainage systems; sidewalks and pathways; streets with enhanced pavement and pavement markings; streetlights and signage; traffic control devices; lake edge treatment; and landscaping and irrigation system in the medians and public areas. Funding for this project is available from TIF 1 funds. The developer will advance funds for design of Phase 2. Operating Budget Impact: Increased costs associated with maintaining the plantings in the medians until the property owners association, which will assume responsibility for maintenance of the landscaping, is created; economic growth is anticipated to result.

Development Signs

\$250,000

This project will construct development signs for Mercer Crossing. The City will design and construct the signs. The developer will advance funds for this project. Operating Budget Impact: None.

TAX INCREMENT FINANCE DISTRICT #1 (continued)

Luna Road Lift Station
\$650,000

This project provides for improvements to the sanitary sewer collection system to allow for development on the western portion of the City's Westside. A developer will be providing advance funding for this project. The total project budget is \$850,000. Supplemental funding is available in the Non Bond Utility Fund (\$200,000). Operating Budget Impact: See Non-Bond Utility Fund.

Mercer Parkway Extension (Luna Road to I-35)
\$8,962,000

This is a new project. Mercer Parkway currently runs from Valley View Lane to Luna Road. This project will extend Mercer Parkway from Luna Road to I-35 and will also include median plantings, lighting, and utilities. The developer will advance funds for this project. Operating Budget Impact: Increased maintenance of medians and street pavement. However, this street will provide adequate infrastructure that will foster economic growth in the area.

Knightsbridge Road
\$6,973,000

This is a new project to construct a street that will connect Wittington Place to Luna Road. The project will also include lighting and installation of utilities. The developer will advance funds for this project. Operating Budget Impact: Increased maintenance of medians and street pavement. However, this street will provide adequate infrastructure that will foster economic growth in the area.

Bond Street
\$710,000

This is a new project to construct a street between Mercer Parkway and LBJ Freeway. The project also includes lighting and installation of utilities. The developer will advance funds for this project. Operating Budget Impact: Increased maintenance of medians and street pavement. However, this street will provide adequate infrastructure that will foster economic growth in the area.

East Lift Station
\$1,685,000

This is a new project. This project provides for improvements to the sanitary sewer collection system to allow for development on the eastern portion of the City's Westside. The developer will advance funds for this project. Operating Budget Impact: Increased maintenance of medians and street pavement. However, this street will provide adequate infrastructure that will foster economic growth in the area.

TAX INCREMENT FINANCE DISTRICT #2

Zone School Project Costs: Carrollton-Farmers Branch Independent School District
\$15,666

As specified in the TIF agreement, Carrollton-Farmers Branch Independent School District (CFBISD) will require 30% of their tax increment payments for school purposes in accordance with the agreement between the City and CFBISD. The budget has been increased based on actual TIF revenues received from CFBISD. Operating Budget Impact: None.

Phase One Public Improvements/Enhancements
\$220,000

The City is working with Farmers Branch City Center (FBCC) to develop the station area. These funds will be used for the initial public infrastructure improvements, such as paving, drainage, and utilities, as well as other enhancements.



THE CIP PROCESS AND ITS RELATIONSHIP TO OPERATION BUDGETS

The Capital Improvement Program (CIP) is a financial plan for the development, design, and construction of major infrastructure improvements and projects in the City of Farmers Branch. This program encompasses projects funded through the sale of general obligation bonds, revenue bonds, interest earnings, and available fund balances from the General Fund and Water & Sewer Fund.

All CIP projects are identified through a long-range strategic planning process involving the City Council and all departments of the City. Projects for rehabilitation as well as new projects for growth and development are identified and prioritized based on needs. Funding is identified and projects are reorganized based on funding availability. Projects are spaced over time in order to achieve maximum construction with minimum tax rate or user charge impact.

The Capital Improvement Program can significantly impact the operating budget. As funds from past bond issues are depleted, the City relies increasingly on General Fund and Water & Sewer Fund transfers in order to fund the CIP. Revenue growth and conservative spending patterns have allowed the City to make these transfers in the past and departments have the ability to fund day-to-day operations of the improvements through their existing operating budgets. In many instances, operating costs have actually been reduced by these improvements. For example, rebuilding older roadways reduces maintenance costs and the replacement of old water and sewer lines has reduced leakage and inflow/infiltration problems. The City's long-range plan estimates that revenue growth will be sufficient to cover most of these added costs. Further detail related to the operating cost impact of new capital improvement projects can be found in the project descriptions located at the beginning of this section. A "minimal" operating budget impact is defined as \$20,000 or less in operating cost.

Legend

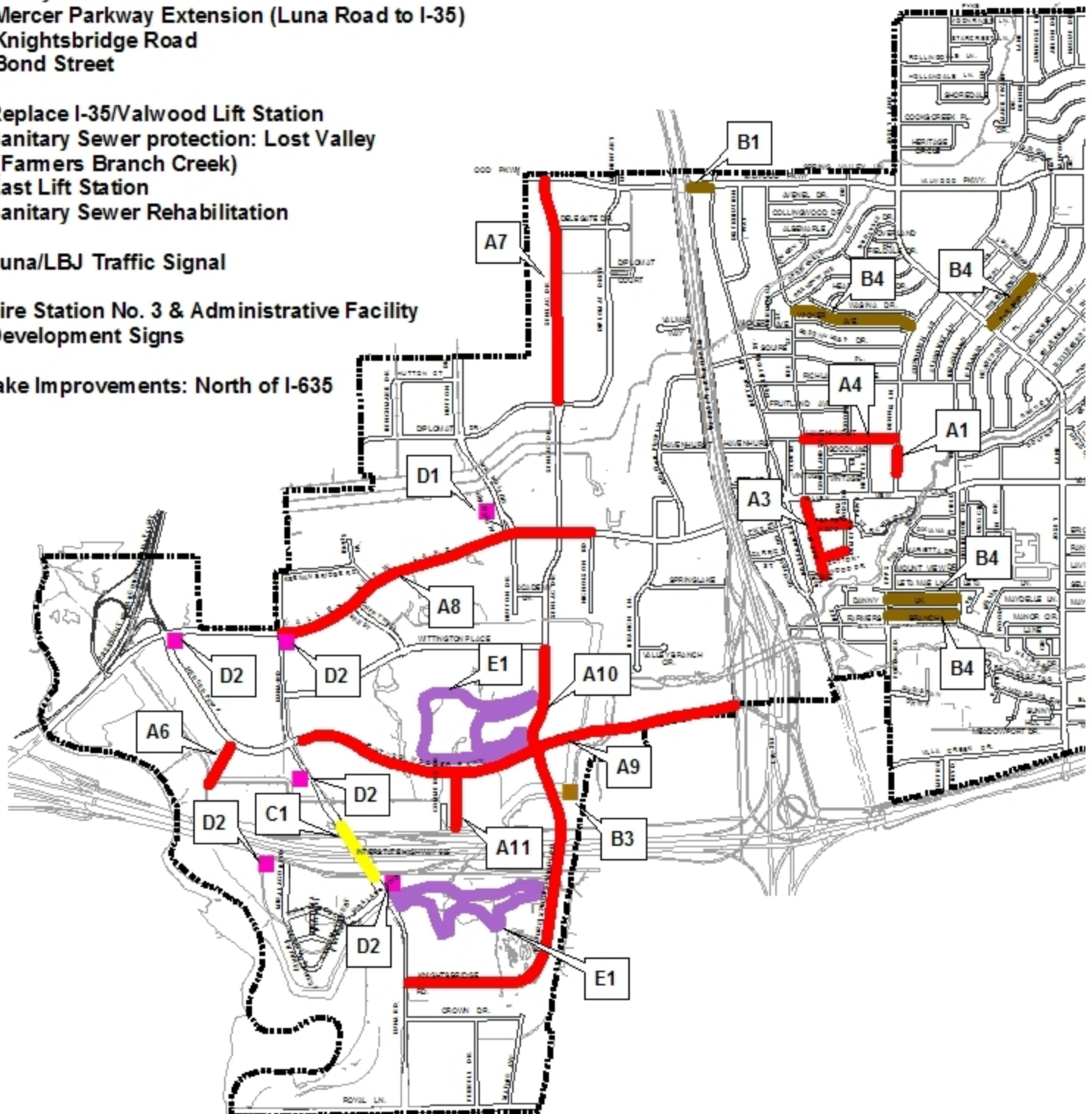
- A1 - Dennis Lane Median Enhancements at Pepper Park
- A2 - Farmers branch Creek @ Mobil
- A3 - Transit Oriented Development
- A4 - Havenhurst Sidewalk
- A5 - Pedestrian Bridge near Templeton
- A6 - Luna/Mira Lago Frontage Road Connection
- A7 - 2004-07 Street Reconstruction : Senlac Drive
- A8 - Valley View West
- A9 - Mercer Parkway Extension (Luna Road to I-35)
- A10 - Knightsbridge Road
- A11 - Bond Street

- B1 - Replace I-35/Valwood Lift Station
- B2 - Sanitary Sewer protection: Lost Valley (Farmers Branch Creek)
- B3 - East Lift Station
- B4 - Sanitary Sewer Rehabilitation

- C1 - Luna/LBJ Traffic Signal

- D1 - Fire Station No. 3 & Administrative Facility
- D2 - Development Signs

- E1 - Lake Improvements: North of I-635





Legend

- A1 - Dennis Lane Median Enhancements at Pepper Park
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- D1 - Fire Station No. 3 & Administrative Facility
- D2 - Development Signs

E1 - Lake Improvements: North of I-635

**CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
SUMMARY
2006-07 ADOPTED BUDGET**

		PRIOR YEARS	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUES									
Non-Bond CIP Fund	\$ 79,659,416	63,216,036	5,458,880	932,300	1,149,400	1,858,400	2,103,800	2,345,900	2,594,700
Hotel/Motel CIP Fund	\$ 4,219,673	4,216,073	2,700	300	300	300			
Non-Bond Utility Fund	\$ 27,874,552	15,711,352	2,360,800	1,444,100	1,535,800	1,604,000	1,702,200	1,709,100	1,807,200
Water Bond Fund	\$ 13,800,271	13,799,571	700						
DART LAP Fund	\$ 24,995,519	24,995,519							
Tax Increment Finance District #1 Fund	\$ 38,469,718	16,396,911	2,701,376	10,076,794	8,289,384	1,005,253			
Tax Increment Finance District #2 Fund	\$ 332,889	259,299	20,877	16,721	17,557	18,435			
TOTAL REVENUES	\$ 189,352,039	138,594,762	10,545,333	12,470,215	10,992,441	4,486,388	3,806,000	4,055,000	4,401,900
EXPENDITURES									
Non-Bond CIP Fund	\$ 79,583,479	55,254,558	6,050,524	4,253,400	4,674,997	1,975,000	2,300,000	2,375,000	2,700,000
Hotel/Motel CIP Fund	\$ 4,204,706	4,081,632	123,074	-					
Non-Bond Utility Fund	\$ 27,612,266	12,673,040	3,192,226	1,860,000	3,125,000	1,697,000	1,355,000	1,805,000	1,905,000
Water Bond Fund	\$ 13,766,407	13,766,407							
DART LAP Fund	\$ 24,499,047	22,487,870	2,011,177						
Tax Increment Finance District #1 Fund	\$ 36,513,240	13,015,478	5,377,944	9,682,191	7,872,550	565,078			
Tax Increment Finance District #2 Fund	\$ 254,091	60,682	183,453	3,158	3,316	3,482			
TOTAL EXPENDITURES	\$ 186,433,235	121,339,666	16,938,398	15,798,749	15,675,863	4,240,560	3,655,000	4,180,000	4,605,000

**CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
NON-BOND CIP FUND
2006-07 ADOPTED BUDGET**

REVENUE SOURCES:

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Prior Years	\$ 4,240,303	4,240,303							
North Texas Tollway Authority	\$ 150,000	150,000							
Interest	\$ 7,966,592	7,178,392	278,700	294,800	161,900	20,900	16,300	8,400	7,200
Developer Contributions	\$ 1,505,291	920,891	484,400		100,000				
CDBG Funds	\$ 415,730	332,450	83,280						
Subtotal Revenues Excluding Transfers	\$ 14,277,916	12,822,036	846,380	294,800	261,900	20,900	16,300	8,400	7,200
<i>Transfer of General Fund Balance</i>									
Prior Years	\$ 15,141,000	15,141,000							
Fire Station #3	\$ 3,300,000	-	3,300,000						
Miscellaneous	\$ 1,000,000	-	1,000,000						
Subtotal Transfer of General Fund Balance	\$ 19,441,000	15,141,000	4,300,000	-					
<i>General Fund Transfers [1]</i>									
Prior Years	\$ 8,388,000	8,388,000							
Street Program Transfer	\$ 24,368,000	14,643,000	175,000	500,000	750,000	1,700,000	1,950,000	2,200,000	2,450,000
Subtotal General Fund Transfers	\$ 32,756,000	23,031,000	175,000	500,000	750,000	1,700,000	1,950,000	2,200,000	2,450,000
<i>Departmental Transfers</i>									
Police Department	\$ 1,765,000	1,765,000							
Equipment Services	\$ 275,000	275,000							
Fire Department	\$ 3,318,500	3,318,500							
Parks & Recreation Department	\$ 3,226,000	3,226,000							
Playground/Park Renovations	\$ 625,000	187,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
Library	\$ 85,000	85,000							
Public Works Department	\$ 2,736,000	2,736,000							
Streets/Railroad Crossings	\$ 1,154,000	629,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Subtotal Departmental Transfers	\$ 13,184,500	12,222,000	137,500	137,500	137,500	137,500	137,500	137,500	137,500
TOTAL REVENUES:	\$ 79,659,416	63,216,036	5,458,880	932,300	1,149,400	1,858,400	2,103,800	2,345,900	2,594,700

PROJECTED EXPENDITURES

Completed Projects

Prior Years [2]	\$ 31,433,562	31,433,562
Recreation Center	\$ 8,561,759	8,561,759
Pool Liner Replacement	\$ 48,000	48,000
CDBG Sidewalk (Cooks Creek)	\$ 90,435	90,435
1998-99 (Brookhaven Club) [3]	\$ 1,344,149	1,344,149

Current and Future Projects

<i>Fire Department</i>									
Fire Station No. 3 & Admin. Facility	\$ 6,154,746	703,349		2,726,400	2,724,997				
<i>Parks & Recreation Department</i>									
Oakbrook/Ken Rymer Park Amenities	\$ 1,273,012	1,268,012	3,000	2,000					
Playground/Park Renovations	\$ 797,000	345,000	77,000		125,000		125,000		125,000
<i>Miscellaneous Projects</i>									
Mustang Trail Erosion Control	\$ 168,901	168,901							
Oran Good Tennis Court Renovations	\$ 5,000	-	5,000						
Mallion Lake Improvements	\$ 200,000	200,000							
Redevelopment Program	\$ 4,060,000	1,887,766	1,572,234	100,000	100,000	100,000	100,000	100,000	100,000
Bridge-Farmers Branch Creek @ Mobil	\$ 300,000	20,000	280,000						
Rawhide Creek FEMA Study	\$ 182,000	182,000							
Transit Oriented Development	\$ 708,026	708,026							
Library Expansion/Renovation	\$ -	-							
Railroad Crossing Improvements	\$ 1,050,000	525,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Traffic Signal: Inwood Rd. & International Pkwy.	\$ 100,000	-			100,000				
Traffic Signal: Valley View Lane & G. Bush Tollway	\$ 150,000	150,000							
Landfill Improvements	\$ -	-							
CDBG Sidewalk (Bee Street)	\$ 148,641	103,031	45,610						
CDBG Sidewalk (Havenhurst)	\$ 83,280	-	83,280						
Sidewalks	\$ 100,000	-	100,000						
Replace Pedestrian Bridge (near Templeton)	\$ 150,000	-	150,000						
Luna-Mira Lago Frontage Road Connection	\$ 555,400	71,000	484,400						
<i>Street Program</i>									
Street Resurfacing	\$ 17,619,567	5,219,567	1,100,000	1,350,000	1,550,000	1,800,000	2,000,000	2,200,000	2,400,000
<i>Street Reconstruction Projects</i>									
1999-2000 (N. Josey)	\$ 150,000	150,000							
2002-03 (Braemar Circle/Fruitland) [4]	\$ 425,000	425,000							
2003-04 (Longmeade) [4]	\$ 1,400,000	1,400,000							
2004-07 (Senlac Drive, north of Diplomat) [4]	\$ 2,325,000	250,000	2,075,000						
2007-08 (Webb Chapel Rehab - Partial)	\$ -	-							
2008-09 (TBD)	\$ -	-							
2009-10 (TBD)	\$ -	-							
2010-11 (TBD)	\$ -	-							
2011-12 (TBD)	\$ -	-							
TOTAL PLANNED EXPENDITURES:	\$ 79,583,479	55,254,558	6,050,524	4,253,400	4,674,997	1,975,000	2,300,000	2,375,000	2,700,000

TOTAL EXPENDITURES:

	\$ 79,583,479	55,254,558	6,050,524	4,253,400	4,674,997	1,975,000	2,300,000	2,375,000	2,700,000
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RESERVED FOR CONTINGENCIES: [5]

	\$ 75,937	7,961,478	7,369,834	4,048,734	523,137	406,537	210,337	181,237	75,937
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[1] Transfers rolled into fund balances at year-end. Transfers for Senior Center and Other Projects are consistent with the Long Range Capital Projects Plan.

[2] A list of completed projects is available upon request.

[3] Supplemental funding provided in the Street Bond Fund and the DART Fund.

[4] Supplemental funding provided in the Non-Bond Utility Fund for water and sanitary sewer line improvements associated with the street reconstruction.

CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
HOTEL/MOTEL CIP FUND
2006-07 ADOPTED BUDGET

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08	2008-09	2009-2010
REVENUE SOURCES:						
Appropriated Fund Balance	\$ 200,199	200,199				
Interest	\$ 275,074	271,474	2,700	300	300	300
Hotel/Motel Transfer from Non-Bond CIP	\$ 360,400	360,400				
Hotel/Motel Transfers	\$ 3,384,000	3,384,000				
TOTAL REVENUES:	\$ 4,219,673	4,216,073	2,700	300	300	300
PROJECTED EXPENDITURES						
Completed Projects						
Prior Years [1]	\$ 4,051,632	4,051,632				
Current and Future Projects						
Future Project	\$ 123,074	-	123,074			
Historical Park Masterplan	\$ 30,000	30,000				
TOTAL EXPENDITURES:	\$ 4,204,706	4,081,632	123,074	-	-	-
RESERVED FOR CONTINGENCIES:	\$ 14,968	134,442	14,068	14,368	14,668	14,968

[1] A list of completed projects is available upon request.

**CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
NON-BOND UTILITY FUND
2006-07 ADOPTED BUDGET**

REVENUE SOURCES:

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Transfer from Water & Sewer Fund Operations [1]	\$ 19,099,346	8,099,346	1,300,000	1,400,000	1,500,000	1,600,000	1,700,000	1,700,000	1,800,000
Transfer from Water & Sewer Fund - Fund Balance	\$ 6,200,000	5,200,000	1,000,000						
Transfer from Sewer Interceptor Fund	\$ 259,069	259,069							
Interest	\$ 2,033,832	1,870,632	60,800	44,100	35,800	4,000	2,200	9,100	7,200
CDBG	\$ 282,305	282,305							
TOTAL REVENUES:	\$ 27,674,552	15,711,352	2,360,800	1,444,100	1,535,800	1,604,000	1,702,200	1,709,100	1,807,200

PROJECTED EXPENDITURES

Completed Projects

Prior Years [2] \$ 5,219,364

Current and Future Projects

Westside Sanitary Sewer Improvements	\$ 152,505	152,505							
Luna Road Lift Station	\$ 47,495	47,495							
Pump Station #3	\$ 294,533	294,533							
Backup Generator @ Pump Station #3	\$ 390,000	390,000							
Utility Replacement & Improvements	\$ 11,885,500	5,235,500	700,000	650,000	700,000	600,000	1,000,000	1,450,000	1,550,000
I & I Repairs	\$ 1,389,187	409,187	100,000	130,000	150,000	150,000	150,000	150,000	150,000
Service Center Improvements	\$ 1,800,000	-	150,000		1,650,000				
Replace I-35/Valwood Lift Station [4]	\$ 298,797	0	298,797						
Sanitary Sewer Protection- FB Creek (Veronica Circle)	\$ 290,000	290,000							
Sanitary Sewer Protection- FB Creek (Lost Valley)	\$ 150,000	25,000	125,000						
Technology/Security Improvements	\$ 1,380,000	65,000	608,000	120,000	275,000	237,000	25,000	25,000	25,000
Motor/Pump/Tank Improvements	\$ 1,867,534	132,534	275,000	610,000	200,000	560,000	30,000	30,000	30,000
Hard Points- Farmers Branch Creek	\$ 497,351	111,922	185,429	200,000					
2002-03 St. Recon. (Braemar Circle/Fruitland)	\$ 25,000	25,000							
2003-04 St. Recon. (Longmeade)	\$ 350,000	275,000	75,000						
2004-07 St. Recon. (Senlac Drive, north of Diplomat)	\$ 675,000	-	675,000						
Street Program- Water/SS Line Improvements	\$ 900,000			150,000	150,000	150,000	150,000	150,000	150,000
2007-08 (Webb Chapel Rehab- Partial)	\$ -	-							
2008-09 (TBD)	\$ -	-							
2009-10 (TBD)	\$ -	-							
2010-11 (TBD)	\$ -	-							
2011-12 (TBD)	\$ -	-							
2012-13 (TBD)	\$ -	-							
TOTAL PLANNED EXPENDITURES:	\$ 27,612,266	12,673,040	3,192,226	1,860,000	3,125,000	1,697,000	1,355,000	1,805,000	1,905,000

TOTAL EXPENDITURES:

	\$ 27,612,266	12,673,040	3,192,226	1,860,000	3,125,000	1,697,000	1,355,000	1,805,000	1,905,000
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RESERVED FOR CONTINGENCIES: [3]

	\$ 262,286	3,038,312	2,206,886	1,790,986	201,786	108,786	455,986	360,086	262,286
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[1] Transfer from Water & Sewer operations. This is a planned use of fund balance for capital improvements.

[2] A list of completed projects is available upon request.

[3] Does not include depreciation expenditures of capital assets

[4] The budget was modified to reflect payment of the contractor's performance bond from the bonding company.

CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
WATER BOND FUND
2006-07 ADOPTED BUDGET

	PROJECT BUDGET	PRIOR YEARS	2006-07
REVENUE SOURCES:			
Net Bond Proceeds	\$ 8,210,600	8,210,600	
Interest	\$ 5,589,671	5,588,971	700
TOTAL REVENUES:	\$ 13,800,271	13,799,571	700
PROJECTED EXPENDITURES			
Completed Projects			
Prior Years [1]	\$ 11,744,402	11,744,402	
	\$ -	-	
Current and Future Projects			
Pump Station #3	\$ 2,022,005	2,022,005	
TOTAL EXPENDITURES:	\$ 13,766,407	13,766,407	-
RESERVED FOR CONTINGENCIES	\$ 33,864	33,164	33,864

[1] A list of completed projects is available upon request.

**CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
DART LOCAL ASSISTANCE PROGRAM FUND
2006-07 ADOPTED BUDGET**

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08
REVENUE SOURCES:				
Dart Technical Assistance Program	\$ 243,912	243,912		
Dart Capital Assistance Program (CAP)	\$ -	-		
CAP Allocation (Not Yet Rec'd)	\$ 57,363	57,363		
CAP Allocation Received	\$ 8,910,239	8,910,239		
Valwood Improvement Authority	\$ -	-		
TxDOT Grant	\$ 642,162	642,162		
Interest (Operating Account)	\$ 423,108	423,108		
Dallas County	\$ 610,737	610,737		
Texas Comptroller	\$ 27,588	27,588		
DART Local Assistance Program (LAP)	\$ -	-		
LAP Allocation (Not Yet Rec'd)	\$ 2,394,810	2,394,810		
LAP Allocation Received	\$ 11,685,600	11,685,600		
TOTAL REVENUES:	\$ 24,995,519	24,995,519	-	-
PROJECTED EXPENDITURES				
TECHNICAL ASSISTANCE PROGRAM	\$ 159,997	159,997		
Completed Projects				
Prior Years [1]	\$ 122,344	122,344		
Subtotal Technical Assistance Program	\$ 282,341	282,341	-	-
CAPITAL ASSISTANCE PROGRAM				
Completed Projects				
Prior Years [1]	\$ 15,563,404	15,563,404		
Sidewalks	\$ 469,976	469,976		
Midway Street Lights	\$ 82,736	82,736		
Midway - LBJ Interchange	\$ 100,000	100,000		
Brookhaven Club Drive	\$ 970,000	970,000		
Current and Future Projects				
Webb Chapel Widening	\$ 168,000	168,000		
Josey North Reconstruction	\$ 3,280,000	3,280,000		
Valley View West	\$ 1,977,588	704,164	1,273,424	
Incident Detection and Response Phase 2	\$ 555,000	367,247	187,753	
Eastside Transportation Management Association	\$ 120,000	0		120,000
Traffic Signal Communications	\$ 400,000	400,000		
Traffic Signal: Valley View & Hutton	\$ 100,000	100,000		
Luna/LBJ Traffic Signal	\$ 250,000	0	250,000	
Incident Detection and Response Phase 3	\$ 300,000	0		300,000
Transit Center Streets	\$ 300,000	0	300,000	
TOTAL EXPENDITURES:	\$ 24,919,047	22,487,870	2,011,177	420,000
RESERVED FOR CONTINGENCIES:	\$ 76,473	2,507,650	496,473	76,473

[1] A list of completed projects is available upon request.

**CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
TAX INCREMENT FINANCE DISTRICT #1 FUNC
2006-07 ADOPTED BUDGET**

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08	2008-09	2009-2010
REVENUE SOURCES:						
City of Farmers Branch	\$ 643,732	381,136	60,925	63,972	67,170	70,529
Dallas Independent School District	\$ 18,424	14,708	862	905	951	998
Carrollton-Farmers Branch Independent School District	\$ 6,636,444	3,687,184	684,263	718,476	754,400	792,120
Dallas County	\$ 132,704	112,038	4,795	5,035	5,286	5,551
Dallas County Hospital District	\$ 314,604	183,575	30,400	31,920	33,516	35,192
Valwood Improvement Authority	\$ 92,747	51,339	9,607	10,088	10,592	11,122
Dallas County Community College District	\$ 97,750	55,107	9,894	10,389	10,908	11,453
Developer Advance	\$ 29,958,931	11,628,931	1,833,000	9,165,000	7,332,000	
Interest	\$ 574,383	282,895	67,629	71,010	74,561	78,289
TOTAL REVENUES:	\$ 38,469,718	16,396,911	2,701,376	10,076,794	8,289,384	1,005,253
PROJECTED EXPENDITURES						
Completed Projects						
Prior Years [1]	\$ 2,844,275	2,844,275				
Current and Future Projects						
City and School Administrative Fees*	\$ 385,645	185,645	50,000	50,000	50,000	50,000
Developer Reimbursement [2]	\$ -	-				
Zone School Project Costs (CFBISD) [3]	\$ 4,316,739	2,399,720	444,771	467,010	490,360	514,878
Zone School Project Costs (DISD) [4]	\$ 907	164	172	181	190	200
Mercer Parkway	\$ 3,650,000	3,650,000				
Lake Improvements: north of I-635	\$ 3,000,000	750,000	2,250,000			
"Peninsula Tract" improvements- Phase 1 [5]	\$ 3,000,000	2,200,000	800,000			
Development Signs	\$ 250,000	250,000				
Mercer Parkway Extension (Luna to I-35)	\$ 8,962,000	-	896,200	4,481,000	3,584,800	
Knightsbridge Road	\$ 6,973,000	-	697,300	3,486,500	2,789,200	
Bond Street	\$ 710,000	-	71,000	355,000	284,000	
East Lift Station	\$ 1,685,000	-	168,500	842,500	674,000	
Luna Road Lift Station	\$ 650,000	650,000				
TOTAL PLANNED EXPENDITURES:	\$ 36,427,566	12,929,804	5,377,944	9,682,191	7,872,550	565,078
Transfers Out	\$ 85,674	85,674				
TOTAL EXPENDITURES	\$ 36,513,240	13,015,478	5,377,944	9,682,191	7,872,550	565,078
RESERVED FOR CONTINGENCIES: [6]	\$ 1,956,478	3,381,433	704,865	1,099,469	1,516,303	1,956,478

[1] A list of completed projects is available upon request.

[2] Developer reimbursements to be based on provisions of Developer Agreements Nos. 1-8.

[3] Figures represent 65% of CFBISD revenue payment

[4] Figures represent 20% of DISD revenue payment

[5] Design for Phase 2 improvements were funded by Developer Advances.

[6] Does not include future projects, developer reimbursement, or overpayments/refunds.

* Additional expenditures were included for City and Administrative Fees for Fiscal Years 2003-04, 2004-05, and 2005-06.

CITY OF FARMERS BRANCH
CAPITAL IMPROVEMENT PROGRAM
TAX INCREMENT FINANCE DISTRICT #2 FUND
2006-07 ADOPTED BUDGET

	PROJECT BUDGET	PRIOR YEARS	2006-07	2007-08	2008-09	2009-2010
REVENUE SOURCES:						
City of Farmers Branch	\$ 24,396	13,003	2,643	2,775	2,914	3,060
Carrollton- Farmers Branch Independent School District	\$ 69,658	26,447	10,026	10,527	11,053	11,606
Dallas County	\$ 6,681	2,147	1,052	1,104	1,160	1,218
Dallas County Hospital District	\$ 6,304	3,325	691	726	762	800
Dallas County Community College District	\$ 3,980	1,974	465	489	513	539
Non-Bond CIP Fund Advance	\$ 200,000	200,000				
Interest [1]	\$ 21,870	12,402	6,000	1,100	1,155	1,213
TOTAL REVENUES:	\$ 332,889	259,299	20,877	16,721	17,557	18,435
PROJECTED EXPENDITURES						
Completed Projects						
Prior Years [2]	\$ 14,943	14,943				
Current and Future Projects						
Debt Service	\$ -	-				
Zone School Project Costs [3]	\$ 19,148	6,184	3,008	3,158	3,316	3,482
Phase One Public Improvements/Enhancements	\$ 220,000	39,555	180,445			
TOTAL PLANNED EXPENDITURES:	\$ 254,091	60,682	183,453	3,158	3,316	3,482
Transfers Out	\$ -					
TOTAL EXPENDITURES	\$ 254,091	60,682	183,453	3,158	3,316	3,482
RESERVED FOR CONTINGENCIES:	\$ 78,798	198,617	36,041	49,604	63,845	78,798

[1] Includes bond premiums, interest income, and accrued interest

[2] A list of completed projects is available upon request.

[3] Figures represent 30% of CFBISD revenue payment

[4] Includes \$200,000 advance from the Non-Bond Fund

COMBINED SUMMARY OF ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES - SELECT FUNDS

2006-07 ADOPTED FISCAL YEAR BUDGET

		GENERAL FUND	FIXED ASSET FUND	WATER & SEWER FUND	HOTEL/ MOTEL FUND
UNALLOCATED RESERVE 9/30/2005	(1)	\$ 11,106,626	\$ 1,465,037	\$ 2,274,678	\$ 575,269
2005-06 ESTIMATED REVENUES		\$ 40,122,300	\$ 2,273,000	\$ 15,318,600	\$ 2,211,800
2005-06 ESTIMATED EXPENDITURES		<u>38,752,919</u>	<u>2,123,900</u>	<u>13,112,600</u>	<u>2,280,300</u>
ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL		<u>\$ 1,369,381</u>	<u>\$ 149,100</u>	<u>\$ 2,206,000</u>	<u>\$ (68,500)</u>
SPECIAL EXPENDITURES					
TRANSFER FROM CIP		\$	\$	\$	\$ 1,140,332
DESIGNATION FOR FUTURE PURCHASES			800,000		
TRANSFER IN DESIGNATED FUND BALANCE		188,381			
VACATION BUY-BACK LIABILITY REDUCTION	**	<u>(188,381)</u>			
ADDITION TO (USE OF) FUND BALANCE		<u>\$ 1,369,381</u>	<u>\$ (650,900)</u>	<u>\$ 2,206,000</u>	<u>\$ 1,071,832</u>
ESTIMATED UNALLOCATED RESERVE 9/30/2006		<u>\$ 12,476,007</u>	<u>\$ 814,137</u>	<u>\$ 4,480,678</u>	<u>\$ 1,647,101</u>
2006-07 ESTIMATED REVENUES		\$ 42,222,000	\$ 2,327,100	\$ 13,183,400	\$ 2,361,800
2006-07 ESTIMATED EXPENDITURES		<u>42,521,100</u>	<u>2,735,100</u>	<u>13,776,800</u>	<u>2,323,300</u>
ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL		<u>\$ (299,100)</u>	<u>\$ (408,000)</u>	<u>\$ (593,400)</u>	<u>\$ 38,500</u>
SPECIAL EXPENDITURES					
TRANSFER TO CIP		\$ 4,300,000	\$	\$ 1,000,000	\$
TRANSFER TO DEBT SERVICE					1,000,000
DESIGNATION FOR FUTURE PURCHASES			130,000		
REDEVELOPMENT & REVITALIZATION PROGRAM				1,000,000	
ADDITION TO (USE OF) FUND BALANCE		<u>\$ (4,599,100)</u>	<u>\$ (538,000)</u>	<u>\$ (2,593,400)</u>	<u>\$ (961,500)</u>
ESTIMATED UNALLOCATED RESERVE 9/30/2007		<u>\$ 7,876,907</u>	<u>\$ 276,137</u>	<u>\$ 1,887,278</u>	<u>\$ 685,601</u>
TARGET BALANCES		\$ 8,249,220 (2)	\$ 300,000	\$ 2,000,000	\$ 500,000

This chart illustrates a partial listing of select major operating funds of the City. The chart is used to quickly compare revenues, expenditures, and fund balances for the budget year with the prior year. Special expenditures are one-time uses of fund balance, which were approved by the City Council consistent with fund balance target objectives.

** The vacation buy-back liability reduction program uses existing designated reserves to reduce liabilities while allowing employees to be paid for up to five days of accumulated vacation or compensatory time. Vacation and compensatory time accruals are listed as a liability in the City's Comprehensive Annual Financial Report.

(1) Actual per 9/30/05 Comprehensive Annual Financial Report.

(2) The General Fund target balance has been adjusted for \$175,000 of non-operational Non-Departmental CIP transfers and \$1,100,000 of red light expenditures. The target balance represents a 75-day reserve.

**MOST REALISTIC SCENARIO
COMBINED SUMMARY OF ESTIMATED REVENUES,
EXPENDITURES AND FUND BALANCES - SELECT FUNDS**

2006-07 ADOPTED FISCAL YEAR BUDGET

	GENERAL FUND	FIXED ASSET FUND	WATER & SEWER FUND	HOTEL/ MOTEL FUND
UNALLOCATED RESERVE 9/30/2005	(1) \$ 11,106,626	\$ 1,465,037	\$ 2,274,678	\$ 575,269
2005-06 ESTIMATED REVENUES	\$ 40,122,300	\$ 2,273,000	\$ 15,318,600	\$ 2,211,800
2005-06 ESTIMATED EXPENDITURES	<u>38,452,919</u>	<u>2,123,900</u>	<u>13,037,600</u>	<u>2,230,300</u>
ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL	<u>\$ 1,669,381</u>	<u>\$ 149,100</u>	<u>\$ 2,281,000</u>	<u>\$ (18,500)</u>
SPECIAL EXPENDITURES				
TRANSFER FROM CIP	\$	\$	\$	\$ 1,140,332
DESIGNATION FOR FUTURE PURCHASES		800,000		
TRANSFER IN DESIGNATED FUND BALANCE	188,381			
VACATION BUY-BACK LIABILITY REDUCTION	** <u>(188,381)</u>			
ADDITION TO (USE OF) FUND BALANCE	<u>\$ 1,669,381</u>	<u>\$ (650,900)</u>	<u>\$ 2,281,000</u>	<u>\$ 1,121,832</u>
ESTIMATED UNALLOCATED RESERVE 9/30/2006	<u>\$ 12,776,007</u>	<u>\$ 814,137</u>	<u>\$ 4,555,678</u>	<u>\$ 1,697,101</u>
2006-07 ESTIMATED REVENUES	\$ 42,222,000	\$ 2,327,100	\$ 13,183,400	\$ 2,361,800
2006-07 ESTIMATED EXPENDITURES	<u>42,221,100</u>	<u>2,735,100</u>	<u>13,701,800</u>	<u>2,273,300</u>
ADDITION TO (USE OF) FUND BALANCE SUB-TOTAL	<u>\$ 900</u>	<u>\$ (408,000)</u>	<u>\$ (518,400)</u>	<u>\$ 88,500</u>
SPECIAL EXPENDITURES				
TRANSFER TO CIP	\$ 4,300,000	\$	\$ 1,000,000	\$
TRANSFER TO DEBT SERVICE				1,000,000
DESIGNATION FOR FUTURE PURCHASES		130,000		
REDEVELOPMENT & REVITALIZATION PROGRAM			1,000,000	
ADDITION TO (USE OF) FUND BALANCE	<u>\$ (4,299,100)</u>	<u>\$ (538,000)</u>	<u>\$ (2,518,400)</u>	<u>\$ (911,500)</u>
ESTIMATED UNALLOCATED RESERVE 9/30/2007	<u>\$ 8,476,907</u>	<u>\$ 276,137</u>	<u>\$ 2,037,278</u>	<u>\$ 785,601</u>
TARGET BALANCES	\$ 8,189,220 (2)	\$ 300,000	\$ 2,000,000	\$ 500,000

This chart illustrates a partial listing of select major operating funds of the City. The chart is used to quickly compare revenues, expenditures, and fund balances for the budget year with the prior year. Special expenditures are one-time uses of fund balance, which were approved by the City Council consistent with fund balance target objectives.

** The vacation buy-back liability reduction program uses existing designated reserves to reduce liabilities while allowing employees to be paid for up to five day of accumulated vacation or compensatory time. Vacation and compensatory time accruals are listed as a liability in the City's Comprehensive Annual Financial Report.

(1) Actual per 9/30/05 Comprehensive Annual Financial Report.

(2) The General Fund target balance has been adjusted for \$175,000 of non-operational Non-Departmental CIP transfers and \$1,100,000 of red light expenditures. The target balance represents a 75-day reserve.

**GENERAL FUND
SIX-YEAR FINANCIAL PLAN
OVERVIEW**

In accordance with the City's financial policies, the 2006-07 budget was developed in the context of long-range financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. A six-year projection plan has been developed for the City's General Fund and similar plans are under development for next fiscal year. The plan presents the fund over eight fiscal years: two previous years and six projected years. There are many benefits to these plans. First, the plan gives staff and Council a valuable perspective when considering budgets within the planned six-year horizon. Second, the plan enables staff and Council to understand the "compounding" effect of revenue and expenditure decisions made over time.

Major assumptions have been footnoted on the six-year financial plan. Annual increase projections for each revenue or expenditure category are shown in a column entitled "Proj % Yr 2-6". This column refers to projection assumptions for Years 2-6 of the financial plan.

**General Fund Six-Year Financial Pla
City of Farmers Branch**

	Proj % Yr 2-6	Actual 2004-2005	Actual 2005-2006	Year 1 Adopted 2006-2007	Year 2 Projected 2007-2008	Year 3 Projected 2008-2009	Year 4 Projected 2009-2010	Year 5 Projected 2010-2011	Year 6 Projected 2011-2012
Beginning Fund Balance		\$10,565,115	\$11,106,626	\$13,536,718	\$8,937,618	\$8,516,590	\$8,087,355	\$8,267,581	\$8,540,999
Revenues:									
Sales tax	4.0%	\$10,789,405	\$11,295,717	\$12,510,200	\$13,010,608	\$13,531,032	\$14,072,274	\$14,635,165	\$15,220,571
Property tax	5.0%	13,044,726	13,417,900	14,410,000	16,130,500	16,937,025	19,083,876	20,038,070	21,039,974
Franchise tax	3.0%	4,401,914	5,769,984	4,548,000	4,684,440	4,824,973	4,969,722	5,118,814	5,272,378
Licenses and permits	3.0%	702,623	901,032	812,000	836,360	861,451	887,294	913,913	941,331
Charges for services	3.0%	4,689,222	4,553,631	4,970,300	5,119,409	5,272,991	5,431,181	5,594,116	5,761,940
Fines and forfeitures	3.0%	2,681,631	2,520,120	3,884,000	4,000,520	4,120,536	4,244,152	4,371,476	4,502,621
Investment income	3.0%	565,953	970,781	928,000	955,840	984,515	1,014,051	1,044,472	1,075,806
Miscellaneous	3.0%	106,459	125,667	159,500	164,285	169,214	174,290	179,519	184,904
Total Revenues		\$36,981,933	\$39,554,832	\$42,222,000	\$44,901,962	\$46,701,737	\$49,876,840	\$51,895,545	\$53,999,525
Expenditures:									
Personal services	4.0%	\$27,837,751	\$28,722,964	\$30,629,900	\$32,855,096	\$34,169,300	\$35,536,072	\$36,957,515	\$38,435,815
Professional services	2.0%	590,075	610,805	624,000	636,480	649,210	662,194	675,438	688,946
Supplies	2.0%	1,503,813	1,565,116	1,939,500	1,978,290	2,017,856	2,058,213	2,099,377	2,141,365
Repair & maintenance	2.0%	3,217,205	2,969,828	3,743,800	3,818,676	3,895,050	3,972,951	4,052,410	4,133,458
Services	2.0%	3,155,079	3,166,428	3,590,500	3,662,310	3,735,556	3,810,267	3,886,473	3,964,202
Production & disposal	2.0%	244,852	246,712	282,800	288,456	294,225	300,110	306,112	312,234
Contracts	0.0%	181,000	181,000	191,000	191,000	191,000	191,000	191,000	191,000
Christmas	1.0%	89,652	82,868	121,300	122,513	123,738	124,976	126,225	127,488
Other	2.0%	437,659	455,880	2,029,500	2,070,090	2,111,492	2,153,722	2,196,796	2,240,732
Transfers - Fixed Assets	3.0%	1,203,700	1,302,500	1,689,300	1,739,979	1,792,178	1,845,944	1,901,322	1,958,362
Transfers - Utility Fund	2.5%	(2,027,100)	(2,225,300)	(2,292,000)	(2,349,300)	(2,408,033)	(2,468,233)	(2,529,939)	(2,593,188)
Transfers - Other		(305,742)	(378,821)	(341,000)	(328,100)	(328,100)	(328,100)	(328,100)	(328,100)
Transfers - CIP/Erosion & Street Prgm		496,000	0	175,000	500,000	750,000	1,700,000	1,950,000	2,200,000
Transfers - CIP/Long Range Plan		0	0	4,300,000	0	0	0	0	0
Transfers - CIP/Other		137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500
Total Expenditures		\$36,761,444	\$36,837,480	\$46,821,100	\$45,322,990	\$47,130,972	\$49,696,614	\$51,622,128	\$53,609,814
Ending Fund Balance		\$11,106,626	\$13,823,978	\$8,937,618	\$8,516,590	\$8,087,355	\$8,267,581	\$8,540,999	\$8,930,710

	Actual 2004-2005	Actual 2005-2006	Year 1 Projected 2006-2007	Year 2 Projected 2007-2008	Year 3 Projected 2008-2009	Year 4 Projected 2009-2010	Year 5 Projected 2010-2011	Year 6 Projected 2011-2012
Calculation of available funds								
Ending Fund Balance	\$11,106,626	\$13,823,978	\$8,937,618	\$8,516,590	\$8,087,355	\$8,267,581	\$8,540,999	\$8,930,710
90-Day Requirement	\$9,066,361	\$9,209,370	\$10,311,525	\$10,930,748	\$11,320,243	\$11,724,153	\$12,143,032	\$12,577,453
75-Day Requirement	\$7,978,398	\$8,104,246	\$9,074,142	\$9,619,058	\$9,961,814	\$10,317,255	\$10,685,868	\$11,068,159
60-Day Requirement	\$6,041,823	\$6,137,124	\$6,871,600	\$7,284,250	\$7,543,810	\$7,812,976	\$8,092,116	\$8,381,615
45-Day Requirement	\$4,533,181	\$4,604,685	\$5,155,763	\$5,465,374	\$5,660,121	\$5,862,077	\$6,071,516	\$6,288,727
Staffing variable								
Full time equivalent positions	474	469	468	468	468	468	468	468
Average cost per FTE	\$58,729	\$61,243	\$65,449	\$70,203	\$73,011	\$75,932	\$78,969	\$82,128

Assumptions:

Personal Services 4% increase includes 1% for merit (@3% level), 1% for health insurance increases (@15% annual increase level), and 2% for across-the-board increases.

Property taxes (\$1.0 million) allocated for debt service go to General Fund in Year 2 to offset increased personnel costs - Fire Station #3.

Final PID abatement added back to rolls in FY '10 - revenue of \$900K

FINANCIAL TRENDS

I. Introduction

This is the City of Farmers Branch's nineteenth annual review of its financial condition. This annual review is based on the International City Management Association's (ICMA) publication and software application entitled Evaluating Financial Condition. This report identifies positive and negative indicators as they impact the City's financial condition. Three funds have been analyzed: the General Fund, Water & Sewer Fund, and Special Revenue Fund.

This program recognizes various factors that affect the City's financial health. The City may control some factors; others are external factors that the City must respond to and make adjustments. Response and adjustment are better planned if early trends are detected. This study will assist in identifying early trends.

The format for this discussion of the various indicators in the following pages includes three sections: Description, Analysis, and Conclusion. Definitions follow for each section.

Description: Discussion of indicator in terms of the financial and environmental factors used in computing the indicator.

Analysis: Evaluation of data using trend analysis. The indicator is examined over a multi-year review period. This section provides information on how fast the indicator is changing and in which direction.

Conclusion: Discussion of analysis results and whether a potential problem exists or might exist in the near future.

As used in this study, financial conditions can be broadly defined as the City's ability to finance services on a continuing basis. More specifically, financial condition refers to the City's ability to:

- maintain existing service levels;
- withstand local and regional economic disruption;
- meet demands of natural growth, decline and change; and,
- meet the growing needs for capital improvements and service levels in a manner that balances the desires for services with available revenues.

Efforts by the City to evaluate its financial condition present a complex problem. Relationships between some factors are difficult to observe. Some are more important than others, but often, this cannot be determined until all factors have been assembled. Revenues may be higher than ever and may be exceeding expenditures. However, this may not consider inflation or that certain programs have been deferred. The interrelationship between capital expenditures and operating expenditures is not always readily apparent. For example, certain capital expenditures will have the effect of reducing operating expenses. Those operating expenses saved may be available for debt service on capital expenditures. On the other hand, capital expenditures may require service and maintenance that increases the operating budget at the same time the City is attempting to meet debt service requirements. Failure to recognize the interrelationship between capital expenditures and debt service either as a positive or a negative factor may lead to improper decisions.

Not all factors or indicators presented in the ICMA publication are included in this study. Some indicators were excluded as proper data was not available or reliable. As part of a multi-year analysis of financial trends, it is appropriate to review and evaluate the City's financial position relative to the financial objectives set by the City Council. The objectives set by the City Council are:

General Governmental

- *Objective One* is to formulate future budgets so that no use of fund balance will be required in the final operating results.
- *Objective Two* is to provide sufficient funds to maintain the City's streets in terms of pavement structure, rideability and appearance in accordance with the following schedule:

Reconstruction	1 Lane-Mile
Resurfacing	11 Lane-Miles
Repair	3,250 Square Yards
Seal	25 Lane-Miles

The schedule for reconstruction and resurfacing is intended to be a yearly average over four years (in any given year the number of lane-miles of reconstruction and resurfacing will vary).

- *Objective Three* is to provide, from operating revenues, funding for new major capital improvement projects consistent with the future capital projects plan.
- *Objective Four* is to follow a pay-as-you-go capital financing strategy.

Water & Sewer

- *Objective One* is to maintain a self-sufficient Water & Sewer Fund so as to avoid General Fund subsidies.
- *Objective Two* is to provide, from Water & Sewer operating revenues, funding for new capital projects consistent with a long-range capital projects plan.
- *Objective Three* is to provide for reinvestment in the existing water and sewer system with current operating revenues. The target level of funding is equal to the annual depreciation in the Water & Sewer Fund.
- *Objective Four* is to provide for Water & Sewer rate increases when necessary to cover cost increases to the City.

II. CONSUMER PRICE INDEX (C.P.I. TABLE) & DEBT SERVICE TABLES

The following table reflects the consumer price index (C.P.I.) used in analyzing several financial trend indicators. This index assists in evaluating the effects of inflation on a government's budget.

The base year for this study is 1983, which has a consumer price index of 100.7.

Consumer Price Index (C.P.I.)

YEAR	CPI	% Change
1984	105.0	
1985	108.3	3.1%
1986	110.2	1.8%
1987	115.0	4.4%
1988	119.8	4.2%
1989	125.0	4.3%
1990	132.7	6.2%
1991	137.2	3.4%
1992	141.3	3.0%
1993	145.1	2.7%
1994	149.4	3.0%
1995	153.2	2.5%
1996	157.8	3.0%
1997	161.2	2.2%
1998	163.6	1.5%
1999	167.9	2.6%
2000	173.7	3.5%
2001	178.3	2.6%
2002	181.0	1.5%
2003	185.2	2.3%
2004	189.9	2.5%
2005	198.8	4.7%
2006	204.0	2.6% Estimate

CPI's are as of September.

Debt Service

Year Ending	Debt Service Requirements	Interest on Bond Proceeds Used for Debt Service	Debt Service Funded by Property Tax
1990	\$6,104,000	\$775,000	\$5,329,000
1991	5,046,000	550,000	4,496,000
1992	5,130,000	750,000	4,380,000
1993	5,112,051	800,000	4,312,051
1994	4,783,116	839,700	3,943,416
1995	4,224,728	289,000	3,935,728
1996	4,124,727		4,124,727
1997	3,622,680		3,622,680
1998	3,832,180		3,832,180
1999	3,764,793		3,764,793
2000	3,706,378		3,706,378
2001	3,656,978		3,656,978
2002	3,598,098		3,598,098
2003	3,537,152		3,537,152
2004	3,299,747		3,299,747
2005	3,250,207		3,250,207
2006	3,222,158		3,222,158
2007	3,194,807		3,194,807
2008	461,158		461,158
2009	453,707		453,707
2010	216,108		216,108
2011	214,770		214,770
2012	217,770		217,770

III. Financial Trends Monitoring System - Executive Summary

General Fund:

Revenues

Overall, revenues (including debt service) from 1996 to 2005 showed an average annual growth of 3.05%. A significant increase in constant dollar revenues occurred in 1996 (12.5%), 1997 (5.3%), 1998 (5.4%), and 2000 (5%) due primarily to an increase in property values, sales taxes and landfill revenues. In 2005 actual revenues increased by 1.2% and decreased by (3.33)% on a constant dollar basis when compared to 2004.

Growth in revenues continues to be an important factor in funding increased costs such as fuel, utilities and insurance. Of particular concern, is the overall decline in constant dollar adjusted net operating revenues from 2001 to 2005. The largest decline in revenues has been sales tax; 2002-2003 saw the largest decrease of 14.7% (2001-2002 sales tax was \$11.6M compared to 2002-2003 which was at \$10.0M). In 2004-2005 sales tax revenues increased slightly by 4.98% when compared to 2003-2004 actual sales tax revenue. However 2003-2004 was \$3.4M less than 2000-2001 actual sales tax revenue. Property tax revenues (excluding debt services) increased for the first time in three years by 3.31%. 2005-2006 property tax revenues are expected to increase by 5.48%.

Expenditures

Overall, operating expenditures have generally increased 3.0% per year during the review period of 1996 to 2005 in current dollars. When examined in constant dollars, operating expenditures have remained relatively flat. Only increasing an annual average of 0.4% from 1996 to 2005. Due to the economic slowdown in 2001, the City responded to decreasing revenues by cutting expenditures. The effect of reduced revenues from sales tax and property tax prompted the City to utilize fund balances in 2002, 2003 and 2004. However the 2006 adopted budget provides for a "balanced" budget. Expenditures, in constant dollars for 2001-2002 were actually 0.65% less than 2000-2001. Expenditures, in constant dollars, for 2004-2005 were 6.85% less than 2000-2001. The expenditures referred to include debt services payments, but exclude General Fund Expenditures for capital improvement projects (CIP).

Debt Service

Debt service requirements are stable. Debt service requirements in 2005 represent 8% of net operating revenues compared with 12% of net operating revenues in 1996. Decreases in debt service requirements (as a percentage of operating revenues) are attributed to several factors, including, advance refunding of bonds in 1993, 2002 and 2003, and the policy of funding all capital expenditures (except hotel/motel related) from operating revenues rather than incurring additional debt.

Property Values

Property values increased slightly for 2006 (a 1.36% increase compared to 2005). From 1997 to 2006 the trend has been positive with an annual average increase of 2.6% in current dollars and 0.1% in constant dollars. In 2006, property values are 5.6% below 1997 values in constant dollars. Growth in property values is a key indicator of financial health of a city.

Property Tax Revenues

Property tax revenues represent one of the largest sources of revenues for the City and are used to fund operations in the General Fund and to pay off bonds in the Debt Service Fund. In the General Fund alone, 2005 property taxes (excluding debt service) are \$12.8 million. In 2003-2004, the property tax rate was increased by two cents per \$100 to compensate for the declining property values. Similarly, 2005-2006 property tax revenues (including debt service) are projected to increase by 1.7% in constant dollars due to the increase of \$0.0345 per \$100 valuation tax. Property tax revenues (including debt service) from 1996 through 2005 have increased on an average annual basis by 4.04% (in current year dollars.)

Water & Sewer Fund:

Revenues

In 1997, these revenues decreased due to high rainfall patterns. In 1998, 1999, and 2000 the revenues increased due to the hot and dry summers, as well as a 300 customer increase in the number of commercial customers. Since 1995, the Water & Sewer Fund has remained self-sufficient. Rate increases have been planned primarily to cover increased costs to the City. In 2004, 2005 and 2006 rates were increased 5%, 4.5% and 13.5% respectively to offset revenue declines caused primarily by the economic downturn and weather conditions. Year-to-year revenue fluctuations are due to weather patterns, which affect water sales, and an increase in commercial accounts and commercial consumption.

Expenditures

From 1996 to 2005, net operating expenditures (for Water and Sewer) have increased in current dollars by an annual average of 0.55%, and when examined in constant dollars, operating expenditures have decreased by 2.0% over the same time frame. Year-to-year fluctuations are primarily due to weather patterns, which affect water demand.

User Charge Coverage

User charge coverage refers to whether fees and charges cover the entire cost of providing utility services including depreciation and transfers. User charge coverage differs from revenue bond ratio coverage requirements that do not include depreciation and transfers in the coverage calculation. User charge coverage calculations were sufficient to meet the 100% coverage requirement in 1995, 1996, 2002 and 2004. But declined to 92% in 1997 due to high rainfall patterns. 2005 had over 100% user coverage because of a shortage of rainfall. Similar to the hot and dry summers of 1998, 1999, and 2000, the user charge coverage was over 100% each year. Farmers Branch does not have a revenue bond ratio average requirement as all water and sewer bonds have been paid off.

Overall Conclusion:

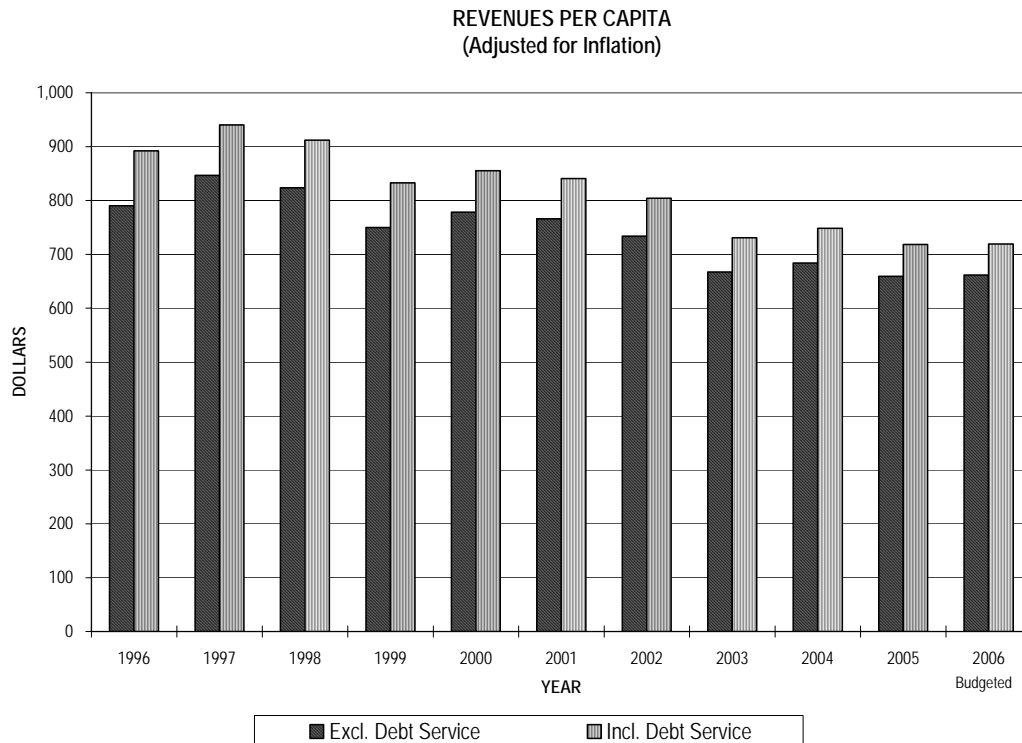
While this report primarily covers the period from 1996 to 2006, trends prior to that period have also been reviewed. This year marks the sixth year that this financial analysis covers at least a 10-year period.

The financial trends show fundamental change in both revenues and expenditures. A major change began in fiscal year 2000-2001 when net operating revenues, in constant dollar basis, began to decline. The economic downturn in 2001 has prompted the City to reduce expenditures in association with the reduction of revenues. This decline stabilized in the 2004-2005 fiscal year with only slight increases compared to 2003-2004, but still below 2000-2001 levels on a constant dollar basis.

In 1989, property values were at an all time high. Property values decreased in real dollars every year from 1989 to 1994. Even with a property tax rate increase, revenues for the City were relatively flat from 1990 to 1993 and declined when adjusted to constant dollars. Beginning in 1995, property values started to increase in constant dollars, but even with increases in property values from 1997 to 2006, these values are still below the 1989 all time high levels in constant dollars. Current property values are lower than 1990 values when adjusted to constant dollars.

Expenditures, in constant dollars, overall have increased only 0.4%, since 1996 . Spending clearly shows a shift in financing strategy. Capital spending from the General Fund increased from zero dollars (\$0) in 1990 to \$2.4 million in 2003. Because of the economic downturn capital expenditures in 2004 and 2005 were only \$537,500 and \$633,500 respectively. Continued reduction in capital spending from the general fund, as a result of the economic downturn, may require a return to debt financing in order to adequately maintain the city's infrastructure. The total capital improvement transfers from 1990 to 2005 have equaled \$33.6 million. When this capital spending is factored out, the operating expenses for the City decreased 1.6% (-0.05% annually) compared to the 1990 level in constant dollars.

The financial trends show a fundamentally solid financial picture with revenue trends continuing in a positive direction while expenditures for operations (excluding capital spending) have remained relatively flat with regards to inflation. Sales Tax revenue, Hotel/Motel Occupancy Tax revenue, and interest on investments were significantly impacted by the economic downturn. Sales Tax revenue increased slightly from \$10.3 million in 2003-2004 to \$11.1 million in 2004-2005. Hotel/Motel Occupancy Tax revenue increased from \$1.8 million in 2003-2004 to \$1.97 million in 2004-2005. These revenues are projected to increase only slightly in 2005-2006 on an constant dollar basis.



Description: This indicator examines per capita revenue, both in current dollars and adjusted for inflation (constant dollars) to show changes in revenue relative to changes in population. A decrease in operating revenues per capita in constant dollars may be a warning trend that must be examined carefully. While per capita data may have less relevance in a city such as Farmers Branch with an extensive commercial base, current and constant net operating revenues remain highly relevant. This indicator is represented in two ways: 1.) Excluding debt service funding; and, 2.) Including debt service (includes all property tax) funding.

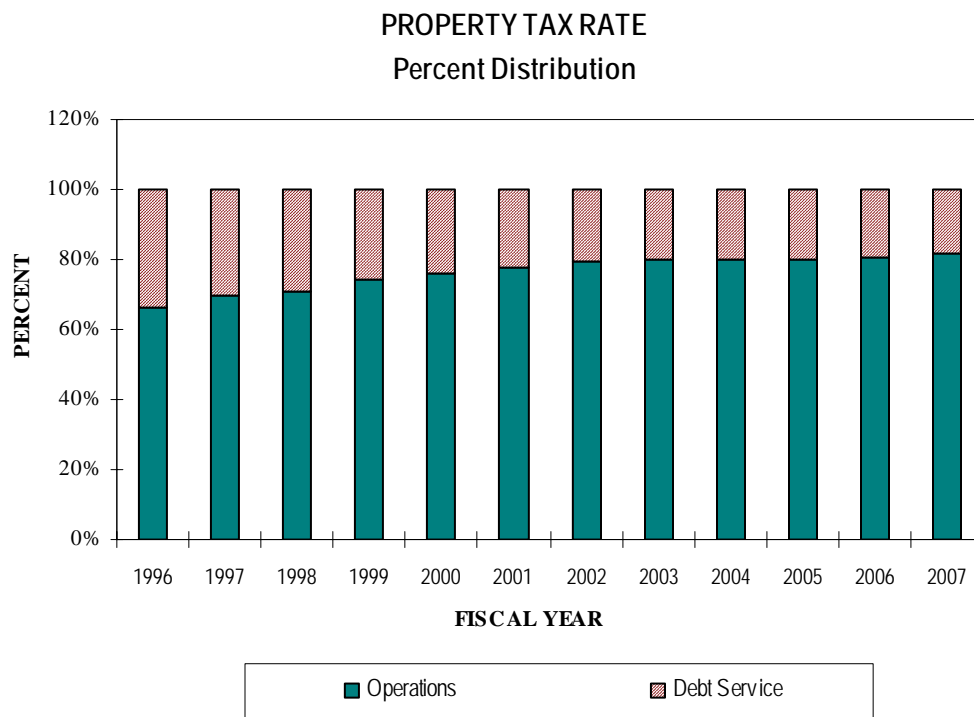
Analysis: When excluding property tax revenues used for debt service, there has been an overall yearly increase, during the review period, in net operating revenues averaging 3.6% per year in current dollars and 0.98% in constant dollars. This rise is primarily caused by increased property tax revenues available to the General Fund because of reduced debt service requirements (offset by CIP expenses funded by General Fund Transfers), the use of earned interest from bond proceeds for debt service, increased sales tax receipts, and franchise fees. Due to the economic downturn net operating revenues began a declining trend in 2000-2001. Net operating revenues (excluding Debt Services) increased slightly in 2004-2005 (by 1.6%) and is expected to increase in 2005-2006 (3.0%). The average annual decrease during these five years has been 0.5%. This is a warning trend that will be carefully monitored.

Operating revenues including debt service have experienced a slight downward trend (since 2001) averaging a decrease of 0.7% per year in current dollars, and a decrease of 3.3% in constant dollars. From 1995 to 2000, revenue grew. Due to the economic downturn constant dollar net operating revenues began a declining trend in 2000-2001. 2004-2005 net operating revenues (including debt services) decreased by 3.33% (vs. 2004). The average annual decline during these five years is projected at approximately 3.0%. This is a warning trend that will be carefully monitored.

Revenue growth to cover capital improvements and operating cost inflation is especially important. General Fund revenues have been the largest part of Capital Improvement Program funding. For example, General Fund transfers have increased from zero dollars (\$0) in 1990 to \$537,500 in 2004 and \$633,500 in 2005. Because of the economic downturn, in 2006 transfers are to remain low at \$138K. Total capital improvement transfers from 1990 to 2005

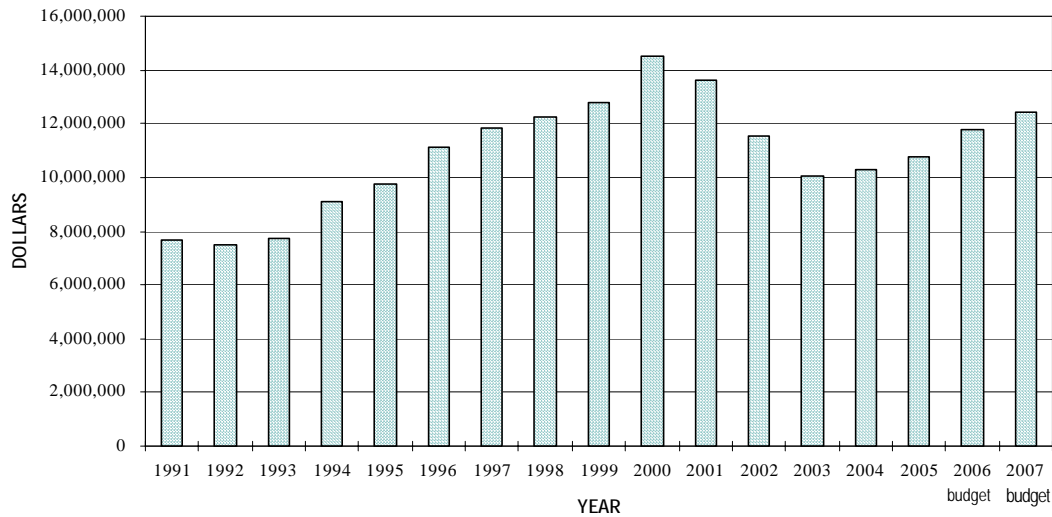
equal \$33,562,500. From 1996 to 2005 transfers have totaled \$32,105,500 or 96% of the capital improvement transfers since 1990. These transfers increasingly play an important role in the City's Capital Improvement Project planning process as improvements are funded from current revenues rather than from traditional debt issues. Inflationary cost trends during from 1995 to 2005 have averaged approximately 2.5% per year. Revenue growth helps to offset these cost trends.

Conclusion: Sufficient revenues allow the City to continue to provide funds for necessary operations. Since 1995, the growth of revenues represents an important trend for the City, however a recent four-year slight decline in revenues is a trend that requires close monitoring. Population changes since 1997 impact per capita costs. A use of fund balance was adopted in 2001-2002 and 2002-2003 to partially offset a significant decline in revenues. This planned use of fund balance softens the impact of an economic downturn on City programs and services.



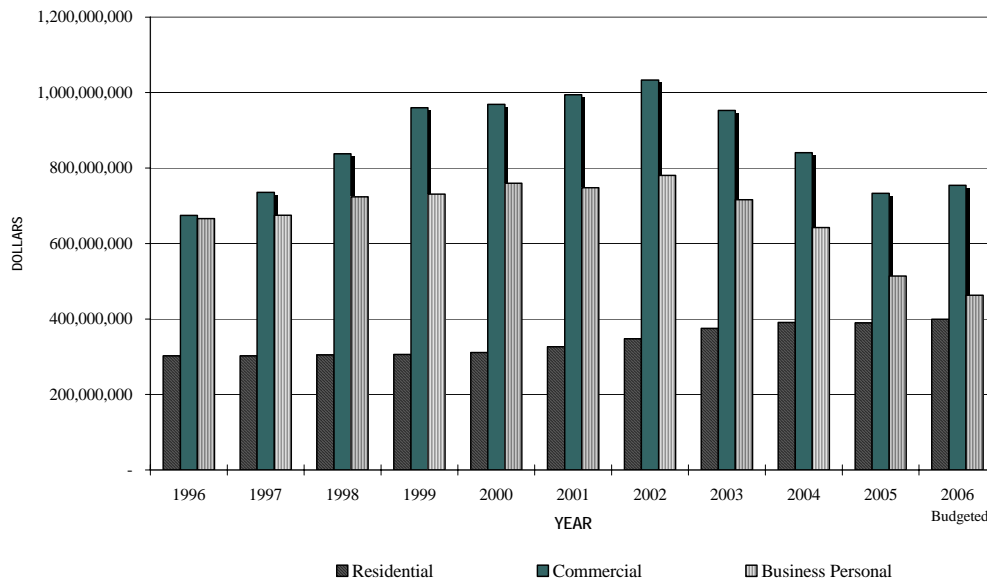
Description, Analysis and Conclusion: The City's tax rate consists of two components. One part of the tax rate funds General Fund operations and is shown in the General Fund budget as property tax revenue. The other part of the tax rate funds debt service on general obligation or certificates of obligation bonds. These bonds are backed by the City's property tax base. The property tax revenue from the debt service part of the tax rate is shown in the debt service budget as property tax revenue. The combined total of property tax revenues in the General and Debt Service Funds is called the City's tax levy. The City's adopted 2006-2007 tax rate of \$.4945 per \$100 property value allocates approximately 82% of property tax revenues to the General Fund and approximately 18% to the Debt Service Fund. The higher the percentage allocated to the General Fund, the greater the flexibility allowed the City for operational expenditures. This chart shows a historical perspective of the tax rate allocation.

SALES TAX REVENUE



Description, Analysis and Conclusion: Sales tax revenues remained stable from 1990-93 and increased from 1993 to 2000 as the area economy improved. The terrorist events of September 11, 2001 accelerated an economic decline that began at the end of fiscal year 2001. Beginning in 2004, sales tax revenues began to gradually increase and are expected to continue at this pace over the next few years.

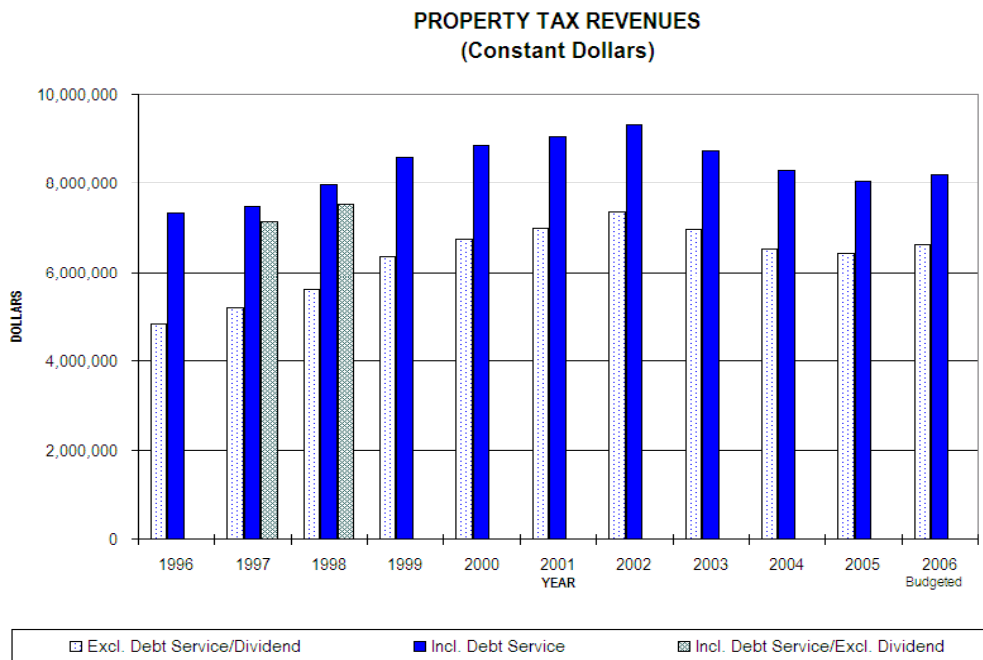
PROPERTY / BUSINESS PERSONAL VALUES (Constant Dollars)



Description: Fluctuations in property value are important because most cities depend on property taxes as a substantial portion of their revenue base. In cities with a stable tax rate, an increase in property value results in increased revenues. A decline in property value is most likely a symptom of other underlying problems. Property values in Farmers Branch are assessed at 100% of the market value. Properties are categorized into three primary segments: residential real property, commercial real property, and commercial (business) personal property. A business personal property tax exemption was added in 2004 on freeport inventory items. These are certain types of items held in state for 175 days or less.

Analysis: From 1997 to 2006, a formerly negative trend was reversed with an annual average property value increase of 2.63% in current dollars and 0.06% in constant dollars. From a current and constant dollar standpoint, total property values remain below the 1988-89 all-time high levels with the exception of business personal property. In 2006 property values increased by 1.4% compared to 2005.

Conclusion: Since 1995 significant growth in property values has occurred. Property Values decreased in 2003, 2004 and 2005, but stabilized and showed slight growth in 2006. During the next few years, property tax revenue growth may lag the growth in property values in the initial years due to development incentives such as tax abatement, tax rebates or tax increment financing.



Description: Property tax revenues are considered separately from other revenues in this analysis because the City relies heavily on them. A diminishing property tax revenue growth rate can result from a number of causes including: (1) decline in property values, (2) decline in local economic health, (3) decline in total households or businesses, (4) unwilling default on property taxes, (5) insufficient assessment or appraisal, (6) intentional defaults resulting from insufficient penalties or collections.

The following analysis is based on both current and constant dollars. In Farmers Branch, property tax revenues are separately apportioned to fund debt service and to fund operating expenses. The analysis considers both property tax revenues including and excluding debt service allocations.

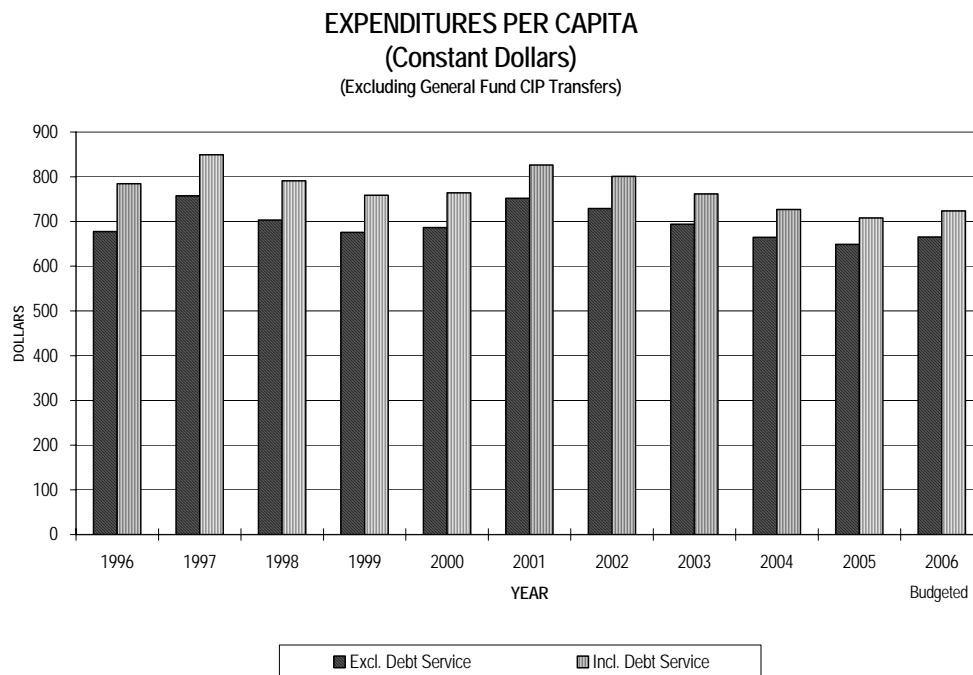
A decline in property tax revenues in constant dollars may reflect significant economic difficulties. Declining use of property tax revenues for capital expenditures (debt service included) may indicate a declining municipal reinvestment (unless other funds are used for debt or capital purchases). Conversely, decreasing availability of property tax revenues for operating expenses may cause a reduction in service levels or deficit spending.

Analysis: When including debt service, total property tax revenues from 1996 to 2005 have increased a yearly average of 4.04% in current dollars and increased 1.4% in constant dollars. Total property tax revenues including debt service increased from 1996 through 2002 as a result of value increases. In 2004 property tax rates were increased by 4.5% (\$.02 per \$100) to help offset increasing expenses. Property tax revenues, in constant dollars, have increased from 1995 until 2002. In 2005 the property tax revenue increased by 2% from 2004 actual revenues due to stronger residential property values and a three forty-fifth cent (\$.0345) per \$100 property tax increase. In 1997 and 1998, the City issued dividends to the taxpayers in the amounts of \$560,000 and \$710,000, respectively. These

dividends offset the increases noted above by effectively lowering property tax revenue by 4.5% and 5% in each year respectively. Property tax revenues will increase in 2005-2006 in association with an increased property valuation. During the next few years, property tax revenue growth may lag the growth in property values in the initial years due to development incentives such as tax abatement, tax rebates, or tax increment financing.

When excluding debt service, property tax revenues (in current dollars) increased an average of 6.4% from 1996 to 2005. While property tax revenues (in constant dollars) increased an average of 3.6%. The increase in property values and constant debt service requirements resulted in a current and constant dollar increases in property tax revenues from 1996 through 2005. In 1998, 1999, and 2000 property tax revenues increased by 8.0%, 10.8%, and 6.7%, respectively. When taking the 1997 and 1998 dividends into account, the property tax revenues increased by 2.5% and 8.1% in 1997 and 1998, respectively. The following table reflects the pattern of property tax allocations to the General Fund and the amounts necessary to fulfill debt service obligations.

Conclusion: Property tax revenues represent the largest single source of revenues for the City. Property tax revenues (including debt service) declined by 6.7% in current dollars as a direct result of decreasing property values from 2002 to 2004. In 2005, property tax revenues, in constant dollars, are above the 1996 levels.



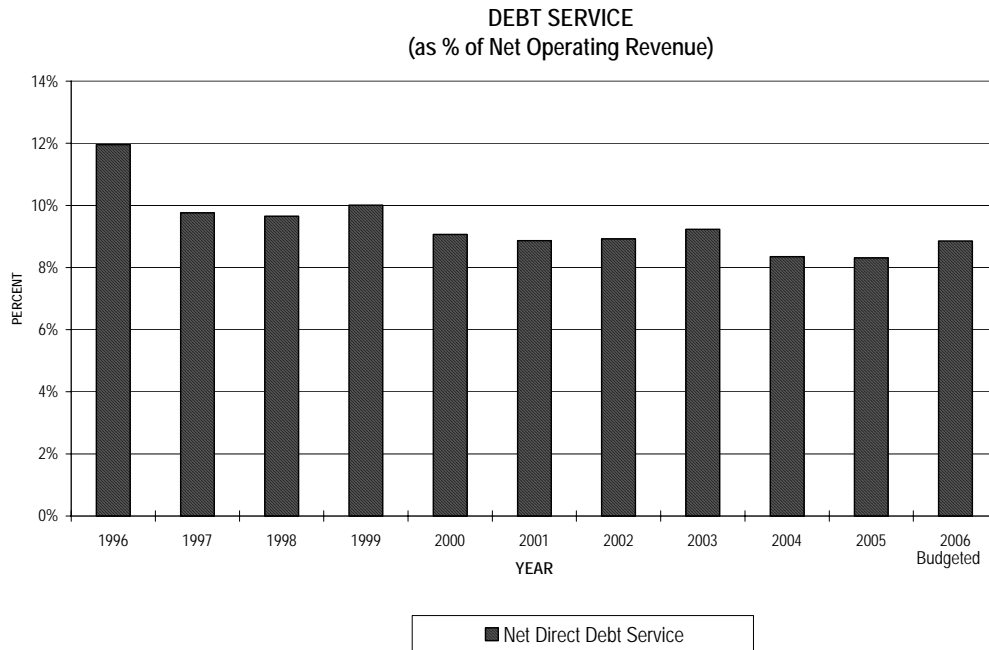
Description: Expenditures must be measured by a number of quantitative and qualitative factors. Changes in per capita expenditures reflect changes in expenditures relative to changes in population. Population is a criterion of some relevance as the population group is usually the group served. Other factors not analyzed here relate to the impact of commercial expansion on expenditures. Despite its limitations, per capita expenditure indicates a relationship of some validity.

Analysis: Net operating expenditures excluding debt service increased an average of 1.7% per year from 1996 to 2005 in constant dollars. Net operating expenditures excluding debt service increased from 1996 to 2005 an average of 4.4% in current dollars. However compared to 2003-2004 the 2004-2005 expenditures decreased 1.64% in constant dollars. For 2004-2005 operating expenditures excluding debt services are projected to increase 5.4% in current dollars and 2.7% in constant dollars when compared to 2004-2005 actuals.

Net Operating Expenditures including debt service: Net operating expenditures including debt service increased from 1996 to 2005 an average of 3.0% in current dollars, but only increased by 0.4% in constant dollars. For 2005-2006

operating expenditures including debt service are budgeted to increased 3.7% in current dollars and only 1% in constant dollars compared to 2004-2005 actuals.

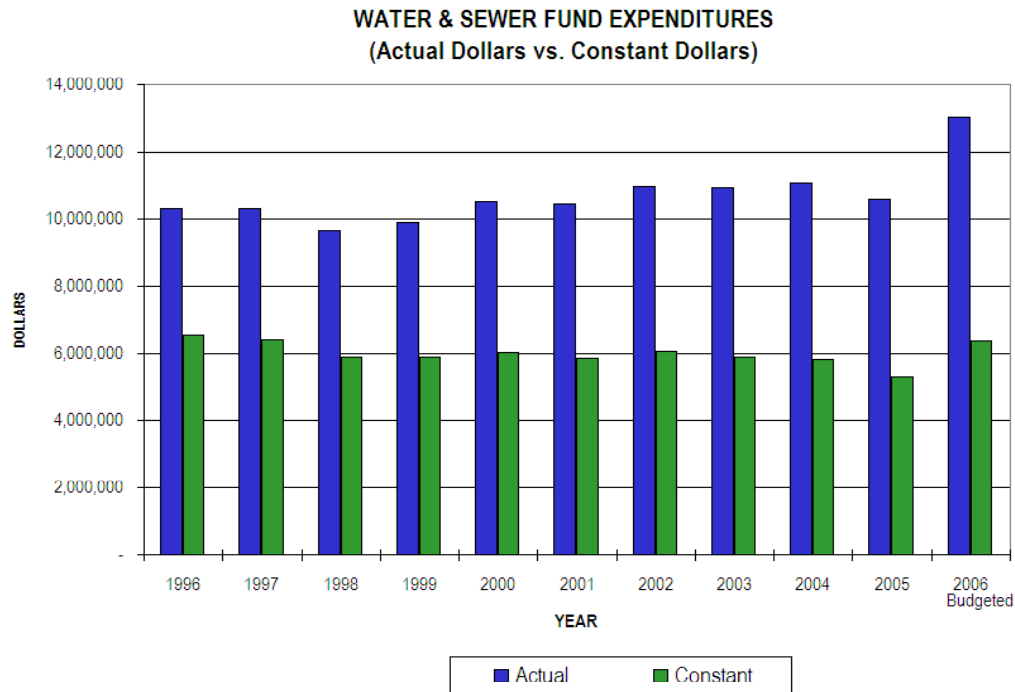
Conclusion: In response to financial trends, the City implemented cost containment measures and incorporated these measures into the budget process in both the early 1990's as well as the early 2000's. Cost containment continues to be an important consideration for preparing future budgets.



Description: Debt service is the amount of principal and interest that must be paid each year in order to payoff long-term debt. As debt service requirements become greater in proportion to net operating revenues, the City has less money available for discretionary use. Perhaps more importantly, such a trend suggests that the City may have more debt outstanding than the City is able to repay. A credit industry benchmark is that debt service on net direct debt exceeding 20% of operating revenue is considered a potential problem.

Analysis: The continued decrease is attributed to the pay-as-you-go policy of the City as part of a major program of funding capital projects through the General Fund as opposed to issuing additional debt to fund capital projects. Since 1990 the City has funded \$33,562,500 directly from the General Fund for capital projects.

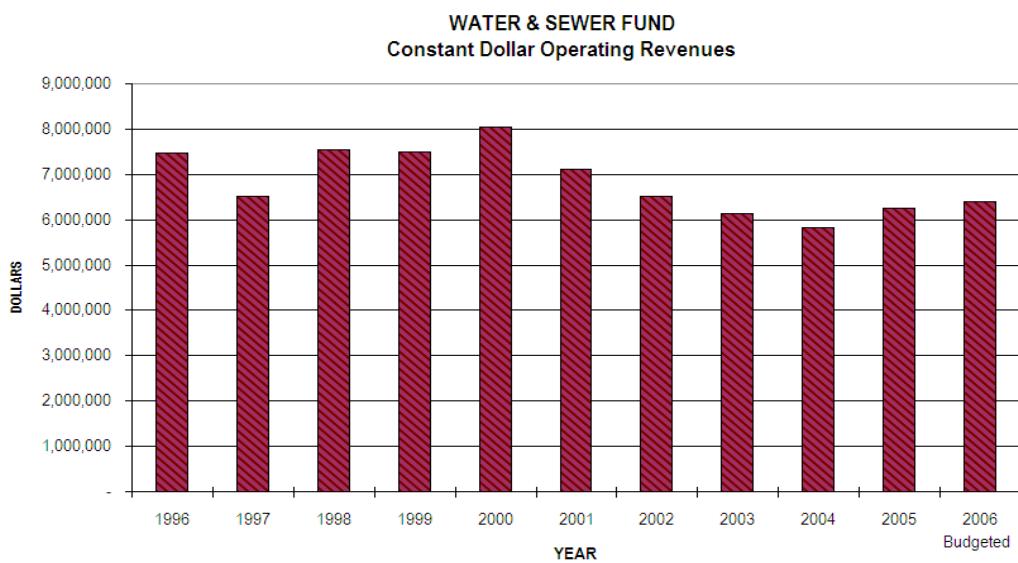
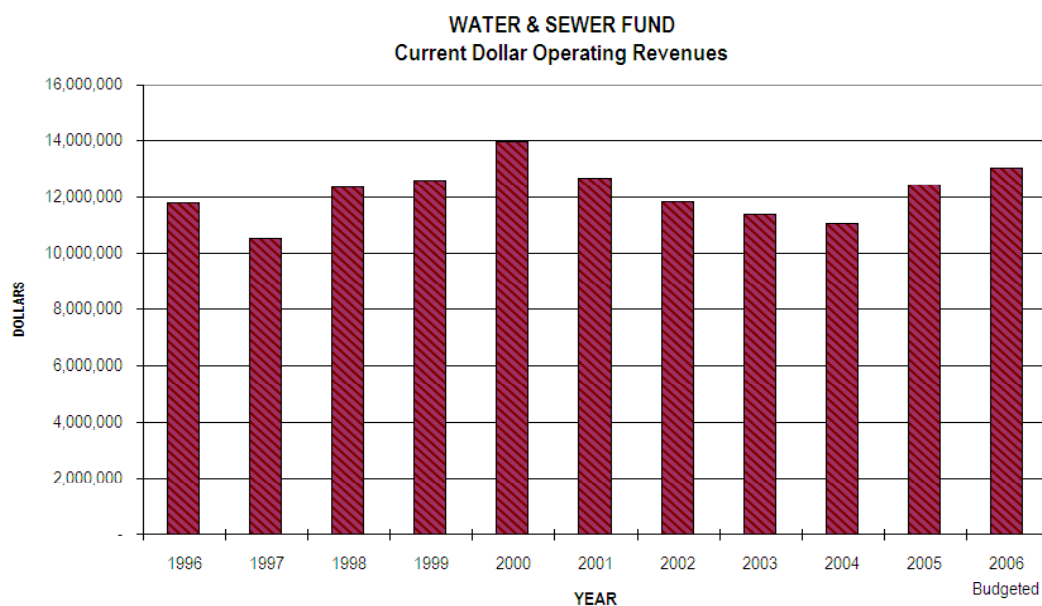
Conclusion: The City's assessed value is able to sustain significant debt, however, the impact of debt service on operating revenues is important. In 2002-2003, the City was able to refinance two of its outstanding bonds, saving \$915,936 in interest payments. Since 1992, debt service as a percentage of operating revenues, has consistently been below the credit rating benchmark of 20%, and has decreased from 25% in 1990 to 10% in 1999. While the City has relied on interest earned on unused bond proceeds to fund a portion of debt service requirements, the City ended this practice in 1996. Debt service is funded by a percentage of property tax exclusively.



Description: Water and Sewer Fund expenditures must be measured by a number of quantitative and qualitative factors. Population is a criteria of some relevance as the population group is usually the group served (commercial service is a major factor in Farmers Branch).

Analysis: Net operating expenditures have decreased by an average of 2.03% (constant dollars) over the review period. With the exception of General Fund transfers and capital replacement funding, the City has little or no influence in the short term in controlling costs such as purchasing water, treating sewage, and electrical costs. In 1998, 1999, 2000 and 2005 low rainfall levels and hot weather conditions caused the City to request that its water supplier, the City of Dallas, increase maximum water flow levels available to the City in order to meet increased consumption demands. This request increased the fixed (demand cost) portion of the City's water bill – an increase that effectively will be paid every year in the future. The 2005-2006 budgeted operating expenditures are based upon estimated consumption, which could be impacted by weather changes that could effect operations. Currently these expenses are projected to increase by 20.2% (constant dollars)

Conclusion: During the past few years, Water and Sewer Fund expenditures have increased. These increases have been partially offset by increased revenues caused by low rainfall levels and hot weather conditions. In 2004, 2005 and 2006 rates were increased 5%, 4.5% and 13.5% respectively to offset revenue declines caused primarily by the economic downturn.



Description: This indicator examines Water & Sewer Fund operating revenues, both in current dollars and adjusted for inflation (constant dollars). A decrease in operating revenues in constant dollars may be a warning trend that must be examined carefully.

Analysis: Net operating revenues have generally increased between 1996 and 2005 in current dollars (2.0% per year average) and very slightly decreased in constant (0.65% per year average) dollars. In 2004, rates were increased 5% to offset revenue declines caused primarily by the economic downturn and weather conditions. 2005's revenues were higher, (increase of 12.5% to 2004) because of the combination rate hike and an unusually dry year. Due to rising costs, 2005 rates were increased by 4.5% in order to offset continued declining revenues due to the same factors occurring in 2004. In order to offset continuing raising cost a 13.5% increase was also implemented in 2006. Rainfall and economic conditions can impact water consumption and therefore water revenue. Expenditures, to a great extent, fluctuate with consumption. Rates have been designed so as revenues change (as a result of consumption fluctuation) they are proportional to changes in expenditures caused by those fluctuations. This minimizes the impact of revenue loss caused by consumption fluctuations.

Conclusion: Water & Sewer Fund operating revenues have fluctuated since 1996 in constant dollars. This revenue is based on rate increases and water consumption. The summer of 1998, 1999, 2000 and 2005 were unusually dry and therefore contribute to higher revenues. In contrast 2004 ranked as the fifth wettest in the area's history with 47.57 inches of rain compared to a normal rainfall of 34.73 inches. This led to a drop in 2004's revenues when compared to 2003's operating revenues (in constant dollars). Year to year fluctuations are based primarily due to weather patterns, which affect water demand.

City of Farmers Branch - Position Summary (by Department)

	Amended 2002-2003	Amended 2003-2004	Amended 2004-2005	Amended 2005-2006	Adopted 2006-07
General Administration					
Full-Time	8.50	8.50	8.50	7.50	6.50
Part-Time	0.00	0.00	0.00	0.00	0.00
Communications					
Full-Time	5.00	4.00	4.00	4.00	4.00
Part-Time	3.00	3.00	3.00	3.00	2.00
Economic Development & Tourism					
Full-Time	4.00	3.00	3.00	3.00	3.00
Part-Time	1.00	1.00	1.00	1.00	1.00
Human Resources					
Full-Time	7.00	7.00	7.00	7.00	7.00
Part-Time	0.00	0.00	0.00	0.00	1.00
Finance					
Full-Time	26.50	29.00	29.50	27.50	27.50
Part-Time	4.00	3.50	5.00	5.00	5.00
Community Services					
Full-Time	26.00	25.00	24.00	24.00	26.00
Part-Time	1.00	1.00	1.00	1.00	1.00
Engineering					
Full-Time	22.00	19.00	18.00	18.00	18.00
Part-Time	0.00	0.00	0.00	0.00	0.00
Public Works					
Full-Time	74.00	69.00	68.00	62.00	60.00
Part-Time	0.00	0.00	2.00	3.00	1.00
Police					
Full-Time	106.00	106.00	106.00	107.00	107.00
Part-Time	8.00	8.00	8.00	9.00	9.00
Fire					
Full-Time	64.00	64.00	65.00	65.00	64.00
Part-Time	0.00	0.00	1.00	1.00	0.00
Parks & Recreation					
Full-Time	69.00	65.00	64.00	64.00	64.00
Part-Time	88.00	98.00	98.00	100.00	100.00
Library					
Full-Time	18.00	17.00	17.00	19.00	19.00
Part-Time	10.00	12.00	12.00	14.00	14.00
Equipment Services					
Full-Time	11.00	11.00	11.00	10.00	10.00
Part-Time	1.00	1.00	1.00	1.00	1.00
<i>Total Full-Time Positions</i>	441.00	427.50	425.00	418.00	416.00
<i>Total Part-Time Positions</i>	116.00	127.50	132.00	138.00	135.00
<i>Total Full-Time Equivalents</i>	481.95	471.65	475.31	469.27	468.10

City of Farmers Branch - Position Summary

Personnel Schedules

Dept./ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
1002	GENERAL ADMINISTRATION						
	Assistant City Manager	E46	2.00	2.00	2.00	2.00	2.00
	Assistant to City Manager	G31	1.00	1.00	1.00	0.00	0.00
	Assistant to City Manager - Project Coord	G31	1.00	1.00	1.00	1.00	1.00
	City Manager	106	1.00	1.00	1.00	1.00	1.00
	City Secretary	G32	1.00	1.00	1.00	1.00	1.00
	Executive Assistant	G26	1.00	1.00	1.00	1.00	1.00
	Management Analyst	G31	0.50	0.50	0.50	0.50	0.50
	Senior Administrative Assistant	G22	1.00	1.00	1.00	1.00	0.00
	Full-Time Total		8.50	8.50	8.50	7.50	6.50
1104	COMMUNICATIONS						
	Communications Director	G34	1.00	1.00	1.00	1.00	1.00
	Communications Technician	G20	0.00	1.00	1.00	1.00	1.00
	Media Center Coordinator	G22	1.00	0.00	0.00	0.00	0.00
	Media Center Technician	G17	1.00	0.00	0.00	0.00	0.00
	Senior Administrative Asst.	G22	1.00	1.00	1.00	1.00	1.00
	Video Engineer	G24	1.00	1.00	1.00	1.00	1.00
	Video Technician P/T **	43	3.00	3.00	3.00	3.00	2.00
	Full-Time Total		5.00	4.00	4.00	4.00	4.00
	Part-Time Total **		3.00	3.00	3.00	3.00	2.00
1205	ECONOMIC DEVELOPMENT & TOURISM						
	Director of Business Development & Expansion	G34	0.00	0.00	0.00	0.00	1.00
	Economic Development Analyst	G31	1.00	1.00	1.00	1.00	0.00
	Economic Development Director	E41	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		2.00	2.00	2.00	2.00	2.00
1509	HUMAN RESOURCES						
	Administrative Assistant	G21	1.00	1.00	1.00	0.00	0.00
	Administrative Technician	G19	0.00	0.00	0.00	1.00	1.00
	Director of Human Resources	E43	1.00	1.00	1.00	1.00	1.00
	Human Resources Analyst	G31	1.00	1.00	1.00	1.00	1.00
	Human Resources Assistant	G23	0.00	0.00	0.00	1.00	1.00
	Human Resources Technician	G24	1.00	1.00	1.00	0.00	0.00
	Program Coordinator	G25	0.00	0.00	0.00	1.00	1.00
	Receptionist	G17	1.00	1.00	1.00	1.00	1.00
	Risk Manager	G34	1.00	1.00	1.00	1.00	1.00
	Senior Administrative Assistant	G22	1.00	1.00	1.00	0.00	0.00
	Laborer P/T **	37	0.00	0.00	0.00	0.00	1.00
	Full-Time Total		7.00	7.00	7.00	7.00	7.00
	Part-Time Total **		0.00	0.00	0.00	0.00	1.00
2010	FINANCE						
	Finance Administrator						
	Director of Finance	E46	1.00	1.00	1.00	1.00	1.00
	Financial Analyst	G32	1.00	1.00	1.00	1.00	1.00
	Finance Technician	G26	1.00	1.00	1.00	1.00	1.00
	Management Analyst	G31	0.50	0.50	0.50	0.50	0.50
	Full-Time Total		3.50	3.50	3.50	3.50	3.50
2112	Information Services						
	GIS Analyst	G30	1.00	1.00	1.00	1.00	1.00
	Help Desk Support Specialist	G26	1.00	1.00	1.00	1.00	1.00
	Director of Information Services	E41	1.00	1.00	1.00	1.00	1.00
	Network Administrator	G33	1.00	1.00	1.00	1.00	1.00
	Systems Analyst/Database Administrator	G32	1.00	1.00	1.00	1.00	1.00
	Systems Analyst/Programmer	G32	1.00	1.00	1.00	1.00	1.00
	Systems Support Specialist	G28	1.00	1.00	1.00	1.00	1.00
	Information Tech P/T **	41	0.00	0.00	1.00	1.00	1.00
	Full-Time Total		7.00	7.00	7.00	7.00	7.00
	Part-Time Total **		0.00	0.00	1.00	1.00	1.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
2014	Accounting						
	Accounts Payable Specialist	G18	1.00	1.00	1.00	1.00	1.00
	Chief Accountant	G35	1.00	1.00	1.00	1.00	1.00
	Customer Service Representative	G21	2.00	2.00	2.00	2.00	2.00
	Customer Service Supervisor	G29	1.00	1.00	1.00	1.00	1.00
	Senior Accountant	G31	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		6.00	6.00	6.00	6.00	6.00
2511	Purchasing						
	Administrative Technician	G19	1.00	1.00	1.00	1.00	1.00
	Purchasing Agent	G31	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		2.00	2.00	2.00	2.00	2.00
5033	Municipal Court						
	Assistant Court Administrator	G25	1.00	1.00	1.00	1.00	1.00
	Bailiff (Funded from Bldg. Security Fund)	G21	0.00	0.50	1.00	0.00	0.00
	Corporal	P15	1.00	0.00	0.00	0.00	0.00
	Court Administrator	G28	1.00	1.00	1.00	1.00	1.00
	Deputy Court Clerk	G17	5.00	7.00	7.00	7.00	7.00
	Police Officer	P14	0.00	1.00	1.00	0.00	0.00
	Alternate City Judge **	46	2.00	2.00	3.00	3.00	3.00
	Bailiff ** (Funded from Bldg. Security Fund)	47	1.00	0.50	0.00	0.00	0.00
	City Judge **	46	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		8.00	10.50	11.00	9.00	9.00
	Part-Time Total **		4.00	3.50	4.00	4.00	4.00
	<i>Finance Full-Time</i>		26.50	29.00	29.50	27.50	27.50
	<i>Finance Part-Time</i>		4.00	3.50	5.00	5.00	5.00
3016	COMMUNITY SERVICES						
	Community Services Administrator						
	Administrative Assistant	G21	1.00	1.00	1.00	1.00	1.00
	Director of Community Services	E44	1.00	1.00	1.00	1.00	1.00
	Director of Planning	G39	1.00	1.00	1.00	1.00	1.00
	Office Manager	G26	1.00	1.00	1.00	1.00	1.00
	Permit Technician	G21	1.00	1.00	1.00	1.00	1.00
	Planner Associate	G26	1.00	1.00	1.00	1.00	1.00
	Planning Analyst	G27	1.00	1.00	1.00	1.00	1.00
	Senior Planner	G31	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		8.00	8.00	8.00	8.00	8.00
3017	Building Inspector						
	Administrative Technician	G19	1.00	1.00	0.00	0.00	1.00
	Backflow Inspector	G30	1.00	1.00	0.00	0.00	0.00
	Building Inspector	G27	1.00	1.00	1.00	1.00	1.00
	Building Official	G38	1.00	1.00	1.00	1.00	1.00
	Code Enforcement Officer	G25	4.00	4.00	4.00	4.00	5.00
	Electrical Inspector	G30	1.00	1.00	1.00	1.00	1.00
	Mechanic System Inspector	G30	1.00	1.00	1.00	1.00	1.00
	Plans Examiner	G27	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		11.00	11.00	9.00	9.00	11.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
3019	Environmental Health						
	Animal Control Office	G18	3.00	2.00	3.00	3.00	3.00
	Consumer Health Specialist	G31	1.00	1.00	1.00	1.00	1.00
	Environmental Health Manager	G36	1.00	1.00	1.00	1.00	1.00
	Environmental Health Specialist	G27	1.00	1.00	1.00	1.00	1.00
	Environmental Administrator	G32	1.00	1.00	1.00	1.00	1.00
	Environmental Health Assistant P/T **	41	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		7.00	6.00	7.00	7.00	7.00
	Part-Time Total **		1.00	1.00	1.00	1.00	1.00
	<i>Community Services Full-Time</i>		26.00	25.00	24.00	24.00	26.00
	<i>Community Services Part-Time **</i>		1.00	1.00	1.00	1.00	1.00
3521	ENGINEERING						
	Engineering Administrator						
	City Engineer	E44	1.00	1.00	1.00	1.00	1.00
	Construction Inspector	G28	3.00	3.00	3.00	3.00	3.00
	Engineering Assistant	G26	0.00	0.00	0.00	1.00	1.00
	Engineering Technician	G27	4.00	4.00	3.00	3.00	3.00
	Project Engineer	G37	1.00	1.00	1.00	1.00	1.00
	Project Landscape Architect	G32	1.00	1.00	1.00	1.00	1.00
	Project Manager	G39	2.00	2.00	2.00	2.00	2.00
	Receptionist	G17	1.00	0.00	0.00	0.00	0.00
	Senior Administrative Assistant	G22	1.00	1.00	1.00	0.00	1.00
	Senior Engineering Technician	G29	1.00	0.00	0.00	0.00	0.00
	Full-Time Total		15.00	13.00	12.00	12.00	13.00
3522	Traffic Engineering						
	Lead Signal Technician	G28	1.00	1.00	1.00	1.00	1.00
	Senior Traffic Engineering Technician	G30	1.00	1.00	1.00	1.00	1.00
	Signal Technician	G24	2.00	2.00	2.00	2.00	2.00
	Signal Technician Assistant	G15	1.00	1.00	1.00	1.00	0.00
	Traffic Engineer	G39	1.00	1.00	1.00	1.00	1.00
	Transportation Analyst	G30	1.00	0.00	0.00	0.00	0.00
	Full-Time Total		7.00	6.00	6.00	6.00	5.00
	<i>Engineering Full-Time</i>		22.00	19.00	18.00	18.00	18.00
4020	PUBLIC WORKS						
	Public Works Administrator						
	Administrative Assistant	G21	1.00	1.00	1.00	1.00	1.00
	Assistant to Director	G31	1.00	1.00	1.00	1.00	1.00
	Director of Public Works	E45	1.00	1.00	1.00	1.00	1.00
	Office Manager	G26	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		4.00	4.00	4.00	4.00	4.00
4024	Solid Waste Collection						
	Driver I	G20	11.00	11.00	11.00	11.00	10.00
	Driver II	G21	2.00	0.00	0.00	0.00	0.00
	Foreman I	G24	0.00	2.00	2.00	2.00	2.00
	Gate Attendant	G16	1.00	1.00	0.00	0.00	0.00
	General Foreman	G29	1.00	0.00	0.00	0.00	0.00
	Landfill Administrator	G34	0.00	0.00	0.00	0.00	1.00
	Solid Waste Manager	G31	0.00	1.00	1.00	1.00	1.00
	Solid Waste Superintendent	G34	1.00	0.00	0.00	0.00	0.00
	Driver I P/T **	46	0.00	0.00	0.00	1.00	1.00
	Full-Time Total		16.00	15.00	14.00	14.00	14.00
	Part-Time Total **		0.00	0.00	0.00	1.00	1.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
4027	Street Maintenance						
	Crew Leader, Public Works	G24	4.00	3.00	3.00	3.00	3.00
	Equipment Operator II, Street	G20	2.00	1.00	1.00	1.00	1.00
	Equipment Operator III, Street	G22	4.00	4.00	4.00	3.00	3.00
	General Foreman	G29	1.00	1.00	1.00	1.00	1.00
	Paving & Drainage Technician	G20	6.00	5.00	5.00	2.00	2.00
	Senior Paving & Drainage Technician	G22	2.00	2.00	2.00	3.00	1.00
	Street Operations Specialis	G26	3.00	3.00	3.00	3.00	3.00
	Street Superintendent	G34	1.00	1.00	1.00	1.00	1.00
	Paving & Drainage Technician **		0.00	0.00	2.00	2.00	0.00
	Full-Time Total		23.00	20.00	20.00	17.00	15.00
	Part-Time Total **		0.00	0.00	2.00	2.00	0.00
	<i>Public Works Full-Time</i>		43.00	39.00	38.00	35.00	33.00
	<i>Public Works Part-Time **</i>		0.00	0.00	2.00	3.00	1.00
4530	POLICE						
	Police Administration						
	Assistant to Police Chief	G26	1.00	1.00	1.00	0.00	0.00
	Office Coordinator	G24	0.00	0.00	0.00	1.00	1.00
	Police Chief	E45	1.00	1.00	1.00	1.00	1.00
	Senior Administrative Assistan	G22	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		3.00	3.00	3.00	3.00	3.00
4531	Police Investigation:						
	Lieutenant	P18	2.00	2.00	2.00	2.00	2.00
	Police Officer	P14	9.00	9.00	9.00	9.00	9.00
	Sergeant	P17	3.00	3.00	3.00	3.00	3.00
	Full-Time Total		14.00	14.00	14.00	14.00	14.00
4532	Police Patrol						
	Corporal	P14	6.00	5.00	4.00	4.00	4.00
	Department Courier	G15	1.00	1.00	1.00	1.00	1.00
	Deputy Chief	G37	1.00	1.00	1.00	1.00	1.00
	Detention Officer	G20	13.00	13.00	13.00	13.00	13.00
	Lieutenant	P18	4.00	4.00	5.00	5.00	5.00
	Police Officer	P14	40.00	40.00	40.00	41.00	41.00
	Sergeant	P17	4.00	5.00	5.00	5.00	5.00
	Bailiff P/T **	47	0.00	0.00	0.00	1.00	1.00
	School Guard **	38	8.00	8.00	8.00	8.00	8.00
	Full-Time Total		69.00	69.00	69.00	70.00	70.00
	Part-Time Total **		8.00	8.00	8.00	9.00	9.00
4535	Police Communications						
	Administrative Technician	G19	3.00	3.00	3.00	3.00	3.00
	Communication's Specialis	G20	15.00	15.00	15.00	15.00	15.00
	Deputy Chief	G37	1.00	1.00	1.00	1.00	1.00
	Lieutenant	P18	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		20.00	20.00	20.00	20.00	20.00
	<i>Police Full-Time</i>		106.00	106.00	106.00	107.00	107.00
	<i>Police Part-Time **</i>		8.00	8.00	8.00	9.00	9.00
5540	FIRE						
	Administratior						
	Administrative Assistan	G21	0.00	0.00	0.00	1.00	1.00
	Deputy Chief Administrative Service	G37	1.00	1.00	1.00	1.00	1.00
	Deputy Chief Operations	G37	1.00	1.00	1.00	1.00	1.00
	Fire Chief	E45	1.00	1.00	1.00	1.00	1.00
	Office Coordinator	G24	1.00	1.00	1.00	0.00	0.00
	Technical Coordinator (Fire	G30	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		5.00	5.00	5.00	5.00	5.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
5541	Prevention						
	Capt./Fire Prevention Specialis	F5	1.00	1.00	1.00	1.00	1.00
	Fire Inspector	F3	1.00	1.00	1.00	1.00	1.00
	Fire Marshal	F7	1.00	1.00	1.00	1.00	1.00
	Fire Prevention Training Coordinato	G24	1.00	1.00	1.00	1.00	1.00
	Injury Prevention Assistant **		0.00	0.00	1.00	1.00	0.00
	Full-Time Total		4.00	4.00	5.00	5.00	4.00
	Part-Time Total **		0.00	0.00	1.00	1.00	0.00
5542	Fire Operations						
	Battalion Chief	F8	3.00	3.00	3.00	3.00	3.00
	Fire Captain	F6	6.00	6.00	6.00	6.00	6.00
	Fire E.O.	F2	11.00	11.00	11.00	11.00	11.00
	Fire E.S.O.	F1	28.00	28.00	28.00	28.00	28.00
	Fire Lieutenant/Operation:	F4	7.00	7.00	7.00	7.00	7.00
	Full-Time Total		55.00	55.00	55.00	55.00	55.00
	Fire Full-Time		64.00	64.00	65.00	65.00	64.00
	Fire Part-Time		0.00	0.00	1.00	1.00	0.00
6050	PARKS AND RECREATION						
	Parks and Recreation Administration						
	Assistant Director PARE	G39	1.00	1.00	1.00	1.00	1.00
	Athletic Program Coordinator	G24	1.00	1.00	0.60	0.60	0.60
	Director of PARD	E45	1.00	1.00	1.00	1.00	1.00
	Office Manager	G26	1.00	1.00	1.00	1.00	1.00
	Senior Administrative Assistan	G22	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		5.00	5.00	4.60	4.60	4.60
6018	Building Maintenance						
	Building Maintenance Superintenden	G33	1.00	1.00	1.00	1.00	1.00
	Building Maintenance Technician	G23	1.00	1.00	1.00	1.00	1.00
	Building Maintenance Technician I	G28	2.00	2.00	2.00	2.00	2.00
	City Electrician	G32	1.00	1.00	1.00	1.00	1.00
	Information Assistant **	40	1.00	1.00	0.00	0.00	0.00
	Full-Time Total		5.00	5.00	5.00	5.00	5.00
	Part-Time Total **		1.00	1.00	0.00	0.00	0.00
6051	Park Maintenance						
	Administrative Assistan	G21	1.00	0.00	0.00	0.00	0.00
	Assistant to the Director PARE	G26	1.00	1.00	1.00	0.00	0.00
	Athletic Fields Specialist	G19	1.00	1.00	1.00	1.00	1.00
	Athletic Fields Specialist I	G23	1.00	1.00	1.00	1.00	1.00
	Chemical Specialis	G24	1.00	1.00	1.00	1.00	1.00
	Equipment Operator I, Parks	G19	1.00	1.00	1.00	1.00	1.00
	Equipment Operator II, Parks	G21	1.00	1.00	1.00	1.00	1.00
	Equipment Operator III, Parks	G23	2.00	2.00	2.00	2.00	2.00
	Irrigation Specialis	G23	2.00	2.00	2.00	2.00	2.00
	Park District Supervisor	G27	2.00	2.00	2.00	2.00	2.00
	Park Landscape Manager	G32	1.00	1.00	1.00	1.00	1.00
	Park Maintenance Crew Leader	G22	8.00	7.00	7.00	8.00	8.00
	Park Maintenance Supervisor	G31	1.00	1.00	1.00	1.00	1.00
	Park Maintenance Technician	G17	19.00	17.00	16.00	16.00	16.00
	Park Superintendent	G34	1.00	1.00	1.00	1.00	1.00
	Laborer P/T **	35	11.00	11.00	12.00	14.00	14.00
	Park Rover P/T **	40	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		43.00	39.00	38.00	38.00	38.00
	Part-Time Total **		12.00	12.00	13.00	15.00	15.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
6052	Recreation						
	Recreation Center Manager	G31	1.00	1.00	1.00	1.00	1.00
	Recreation Programmer	G25	4.00	3.00	3.00	3.00	3.00
	Recreation Programmer Assistant	G19	0.00	1.00	1.00	1.00	1.00
	Recreation Superintendent	G35	1.00	1.00	1.00	1.00	1.00
	Special Projects Manager	G27	0.65	0.65	1.00	1.00	1.00
	Coordinator Assistant P/T **	32	1.00	1.00	1.00	1.00	1.00
	Fitness Attendant P/T**	32	0.00	6.00	6.00	6.00	6.00
	Recreation Leader P/T **	45	4.00	8.00	8.00	8.00	8.00
	Youth Leader **	32	32.00	32.00	32.00	32.00	32.00
	Youth Program Supervisor **	43	6.00	6.00	6.00	6.00	6.00
	Full-Time Total		6.65	6.65	7.00	7.00	7.00
	Part-Time Total **		43.00	53.00	53.00	53.00	53.00
6053	Swimming Pool						
	Assistant Pool Manager **	39	2.00	2.00	2.00	2.00	2.00
	Cashier **	30	3.00	3.00	3.00	3.00	3.00
	Head Cashier **	36	1.00	1.00	1.00	1.00	1.00
	Lifeguard **	34	20.00	20.00	20.00	20.00	20.00
	Pool Manager P/T **	43	1.00	1.00	1.00	1.00	1.00
	Part-Time Total **		27.00	27.00	27.00	27.00	27.00
6054	Senior Center						
	Recreation Programmer, Senior Center	G25	3.00	3.00	3.00	3.00	3.00
	Senior Center Supervisor	G27	1.00	1.00	1.00	1.00	1.00
	Building Attendant P/T **	31	2.00	2.00	2.00	2.00	2.00
	Recreation Leader P/T **	45	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		4.00	4.00	4.00	4.00	4.00
	Part-Time Total **		3.00	3.00	3.00	3.00	3.00
	<i>Parks Full-Time</i>		63.65	59.65	58.60	58.60	58.60
	<i>Parks Part-Time **</i>		86.00	96.00	96.00	98.00	98.00
6569	LIBRARY						
	Administrative Assistant	G21	1.00	1.00	1.00	1.00	1.00
	Adult Services Supervisor	G27	1.00	1.00	1.00	1.00	1.00
	Assistant Director (Library)	G34	1.00	1.00	1.00	1.00	1.00
	Assistant Librarian	G24	1.00	1.00	1.00	1.00	1.00
	Children's Librarian	G27	1.00	1.00	1.00	1.00	1.00
	Circulation Supervisor	G24	1.00	1.00	1.00	1.00	1.00
	Information Technology Librarian	G30	1.00	1.00	1.00	0.00	0.00
	Library Assistant	G15	4.00	3.00	3.00	4.00	4.00
	Library Director	E41	1.00	1.00	1.00	1.00	1.00
	Library Public Services Manager	G33	0.00	0.00	0.00	1.00	1.00
	Library Technician	G16	1.00	1.00	1.00	1.00	1.00
	Reference Librarian	G25	3.00	3.00	3.00	3.00	3.00
	Support Services Manager	G33	0.00	0.00	0.00	1.00	1.00
	Technical Services Manager	G30	1.00	1.00	1.00	1.00	1.00
	Youth Services Supervisor	G28	1.00	1.00	1.00	1.00	1.00
	Children's Librarian P/T **	47	1.00	1.00	1.00	1.00	1.00
	Information Technology Trainer P/T **	47	1.00	0.00	0.00	0.00	0.00
	Library Assistant P/T **	44	6.00	9.00	9.00	10.00	10.00
	Library Cataloger P/T **	44	1.00	1.00	1.00	1.00	1.00
	Reference Librarian P/T **	47	0.00	0.00	0.00	1.00	1.00
	Youth Services Outreach Librarian **	47	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		18.00	17.00	17.00	19.00	19.00
	Part-Time Total **		10.00	12.00	12.00	14.00	14.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
8085	PUBLIC WORKS						
	Water & Sewer Administration						
	Administrative Assistant	G21	1.00	1.00	1.00	0.00	0.00
	Assistant Director	G33	0.00	0.00	0.00	0.00	1.00
8086	Superintendent (Utilities)	G33	1.00	1.00	1.00	1.00	0.00
	Full-Time Total		2.00	2.00	2.00	1.00	1.00
	Water & Sewer Operations						
	Engineering Specialist	G29	3.00	3.00	3.00	3.00	3.00
8086	Foreman I	G24	6.00	6.00	6.00	5.00	5.00
	General Foreman	G29	2.00	1.00	1.00	1.00	1.00
	Meter Reader	G17/G19	3.00	3.00	3.00	3.00	3.00
	Meter Reader Supervisor	G20	1.00	1.00	1.00	1.00	1.00
8086	Pump Station Operator	G19	1.00	0.00	0.00	0.00	0.00
	Pump Station Supervisor	G25	0.00	0.00	0.00	1.00	1.00
	Senior Pump Operator	G23	1.00	1.00	1.00	0.00	0.00
	Utility Maintenance Worker	G22	12.00	13.00	13.00	12.00	12.00
8086	Full-Time Total		29.00	28.00	28.00	26.00	26.00
	<i>Public Works Full-Time</i>		31.00	30.00	30.00	27.00	27.00
7080	EQUIPMENT SERVICES						
	Equipment Services						
	Administrative Assistant	G21	1.00	1.00	1.00	1.00	1.00
	Auto Technician	G24	5.00	6.00	6.00	6.00	6.00
7080	Auto Technician Foreman	G26	1.00	1.00	1.00	1.00	1.00
	Director of Equipment Services	G38	1.00	1.00	1.00	1.00	1.00
	Fleet Maintenance Superintendent	G33	1.00	1.00	1.00	1.00	1.00
	Inventory/Hazardous Substance Technician	G19	1.00	1.00	1.00	0.00	0.00
7080	Lead Auto Technician	G25	1.00	0.00	0.00	0.00	0.00
	Laborer P/T **	35	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		11.00	11.00	11.00	10.00	10.00
	Part-Time Total **		1.00	1.00	1.00	1.00	1.00
9092	PARKS AND RECREATION						
	Historical Preservation						
	Administrative Assistant	G21	1.00	1.00	1.00	1.00	1.00
	Athletic Program Coordinator	G24	0.00	0.00	0.40	0.40	0.40
9092	Curator	G26	1.00	1.00	1.00	1.00	1.00
	Historical Park Superintendent	G33	1.00	1.00	1.00	1.00	1.00
	Museum Educator	G26	1.00	1.00	1.00	1.00	1.00
	Park Maintenance Technician	G17/20	1.00	1.00	1.00	1.00	1.00
9092	Special Projects Manager	G27	0.35	0.35	0.00	0.00	0.00
	Park Attendant **	51	2.00	2.00	2.00	2.00	2.00
	Full-Time Total		5.35	5.35	5.40	5.40	5.40
	Part-Time Total **		2.00	2.00	2.00	2.00	2.00

City of Farmers Branch - Position Summary

Personnel Schedules

Dept/ Division	Position	Grade	Amended 2002-03	Amended 2003-04	Amended 2004-05	Amended 2005-06	Adopted 2006-07
9093	ECONOMIC DEVELOPMENT & TOURISM						
	Promotion of Tourism						
	Sales Executive	G25	1.00	1.00	1.00	0.00	0.00
	Tourism Sales Manager	G28	0.00	0.00	0.00	1.00	1.00
	Tourism Sales Supervisor	G30	1.00	0.00	0.00	0.00	0.00
	Intern **	35	1.00	1.00	1.00	1.00	1.00
	Full-Time Total		2.00	1.00	1.00	1.00	1.00
	Part-Time Total **		1.00	1.00	1.00	1.00	1.00
	General Fund Full-Time Total		391.65	380.15	377.00	374.00	372.00
	General Fund Part-Time Total **		111.00	123.00	128.00	134.00	131.00
	Utility Fund Full-Time Total		31.00	30.00	30.00	27.00	27.00
	Internal Service Fund Full-Time Total		11.00	11.00	11.00	10.00	10.00
	Internal Service Fund Part-Time Total **		1.00	1.00	1.00	1.00	1.00
	Hotel/Motel Fund Full-Time Total		7.35	6.35	6.40	6.40	6.40
	Hotel/Motel Fund Part-Time Total **		3.00	3.00	3.00	3.00	3.00
	Building Security Fund/Court Security		0.00	0.00	0.60	0.60	0.60
	Building Security Fund/Court Security **		1.00	0.50	0.00	0.00	0.00
	ALL FUNDS FULL-TIME TOTAL		441.00	427.50	425.00	418.00	416.00
	ALL FUNDS PART-TIME TOTAL **		116.00	127.50	132.00	138.00	135.00
	ALL FUNDS FULL-TIME EQUIVALENT (FTE)		481.95	471.65	475.31	469.27	468.10

** Denotes Part-Time Positions

CITY CHARTER

§ 4-1

§ 4-5

ARTICLE IV. Budget

Sec. 4.01. Fiscal Year: Budget Year; Accounting Year.

The fiscal year of the City government shall begin on the first day of October and shall end on the last day of September of each calendar year. The fiscal year shall constitute the budget and the accounting year.

Sec. 4.02. Preparation and Submission of Budget.

Prior to the 1st day of August in each year, the City Manager shall prepare, file with the City Secretary, and furnish to each member of the Council a carefully itemized budget outlining anticipated receipts and proposed expenditures of the City, showing as definitely as possible appropriations desired for each project and the operation for the next succeeding fiscal year, comparing the same with the budget of the then current fiscal year, and stating the estimated receipts and expenditures of the current year. Concurrently with the submission of an operating budget, the City Manager shall prepare and present a capital projects budget outlining all proposed capital projects and sources of funding for a period of at least three (3) years. The City Manager shall also outline all debt service payments and sources of funding. Each employee, officer, board and department shall furnish the City Manager such information as may be required by the Manager for the proper preparation of each budget. The proposed budget shall contain an estimate of the rate of tax required for the then current calendar year. (Amended, Charter Amd. No. 11, No. 12, and No. 28, approved on January 21, 1989) (Amended, Charter Amd. No. 8, approved on May 1, 1999)

Sec. 4.03. Budget Form.

At the head of the budget there shall appear a summary of the budget, in such a manner as to present to taxpayers a simple and clear summary of the detailed estimates of the budget. The City Manager shall at the same time submit a budget message explaining the need of the requested appropriations and stating what pending capital projects, if any, will likely require the issuance of bonds or warrants.

Sec. 4.04. Budget a Public Record.

The budget and budget message and all supporting schedules shall be a public record in the office of the City Secretary open to public inspection by anyone.

Sec. 4.05. Publication and Notice of Public Hearing.

The budget shall be filed with the City Secretary before the 30th day before the City establishes and sets its tax rate. The City Council shall call and hold a public hearing on the budget after the 25th day after the budget is filed with the City Secretary. Notice of the public hearing shall be published at least one time in a newspaper of general circulation not earlier than thirty (30) days nor later than ten (10) days before the date of the public hearing. (Amended, Charter Amd. No. 5, approved on April 20, 1968) (Amended, Charter Amd. No. 2, approved on May 1, 1999)

CITY CHARTER

§ 4-6

§ 4-11

ARTICLE IV. Budget**Sec. 4.06. Hearing and Adoption of Budget.**

At the time advertised or at any time to which public hearing shall be adjourned, the Council shall hold a public hearing on the budget as submitted, at which all interested persons shall be given an opportunity to be heard for or against the estimates or any item therein. After the conclusion of such public hearing, the Council may make such changes, if any, in the budget as in their judgment the law warrants and the best interests of the taxpayers of the City demand. The budget, as amended, if there be changes, shall then be adopted by Ordinance which shall also fix the tax rate per \$100 assessed value which shall apply to the current tax year. The City Manager shall file a copy of the budget with the County Clerk of Dallas County and with the Comptroller of the State of Texas.

Sec. 4.07. Budget Establishes Appropriations and Amount to be Raised by Ad Valorem Taxation.

The budget shall state the amount of money to be raised by ad valorem taxation. (Amended, Charter Amd. No. 13 and No. 14, approved January 21, 1989)

Sec. 4.08. Unallocated Reserve Fund.

When recommended by the City Manager and in the discretion of the Council the budget may contain a reasonable sum set aside as an unallocated reserve fund to meet unexpected and unforeseen contingencies in current operating costs of any budget project.

Sec. 4.09. Amendment and Supplemental Budgets.

In case of grave public necessity, emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget may from time to time be authorized, upon the affirmative vote of a majority of a quorum of the Council, as amendments or supplements to the original budget. Such supplements and amendments shall be approved in an ordinance and shall be filed with the original budget.

Sec. 4.10. Defect Shall not Invalidate Tax Levy.

Defects in the form or preparation of the budget or the failure to perform any procedural requirement shall not invalidate any tax levy or the tax roll.

Sec. 4.11. Budget Establishes Appropriations; Transfer of Unencumbered Appropriations.

Amounts set forth in the budget as approved expenditures shall be appropriated to the objects and purposes identified therein. The City Council may authorize the City Manager to transfer unencumbered appropriations within a department to an extent identified by the Council in its grant of such authorization. The Council, by ordinance, may amend the budget by transferring any unencumbered amounts within any fund of the City. (Amended, Charter Amd. No. 14, approved on January 21, 1989)

**ORDINANCE NO. 2885**

AN ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS, PROVIDING FUNDS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2006 AND ENDING SEPTEMBER 30, 2007, BY APPROVING THE BUDGET FOR SAID PERIOD AND APPROPRIATING AND SETTING ASIDE THE NECESSARY FUNDS OUT OF THE GENERAL AND OTHER REVENUES OF THE CITY OF FARMERS BRANCH FOR SAID FISCAL YEAR FOR THE MAINTENANCE AND OPERATION OF VARIOUS DEPARTMENTS AND FOR VARIOUS ACTIVITIES AND IMPROVEMENTS OF THE CITY.

WHEREAS, as required by Section 4.02 of the City Charter, the City Manager has prepared and submitted to the City Council a budget estimate of expenditures and revenues of all City departments, activities and offices for the fiscal year beginning October 1, 2006 and ending September 30, 2007; and,

WHEREAS, said budget has been filed with the City Secretary of the City of Farmers Branch, Texas, as required; and,

WHEREAS, notices of public hearing upon said budget have been duly and legally made; and,

WHEREAS, said public hearing has been held and full consideration given to said budget.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS THAT:

SECTION 1. For the purpose of providing the funds necessary and proposed to be expended in the budget of the City of Farmers Branch for the fiscal year beginning October 1, 2006 and ending September 30, 2007, the budget heretofore prepared by the City Manager and submitted to the City Council for its consideration and approval and set forth as Exhibit "A" attached hereto be, and the same is hereby approved, and the available resources and revenues of the City of Farmers Branch for said fiscal year be, and the same are hereby appropriated and set aside for the maintenance and operation of the various departments of the government of the City of Farmers Branch, together with the various activities and improvements as set forth in said budget and the appropriation shall be strictly applied for the uses and purpose of the respective departments and activities as provided for in said budget.

SECTION 2. The said budget for the fiscal year beginning October 1, 2006 and ending September 30, 2007, approved herein, shall be attached to and made a part of this ordinance the same as if copied in full herein.

SECTION 3. Expenditures during the fiscal year beginning October 1, 2006 and ending September 30, 2007 shall be made in accordance with the budget approved by this ordinance of the City of Farmers Branch.

SECTION 4. Notwithstanding the foregoing, pursuant to Section 4.11 of the amended City Charter, the City Manager is hereby authorized to transfer unencumbered appropriations within each departmental division's summary budget category as itemized in the adopted budget. City Council approval is necessary for transfers of unencumbered appropriations between department divisions, departments, categories, or funds.

**DULY PASSED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH,
TEXAS, ON THE 18TH DAY OF SEPTEMBER 2006.**

ATTEST:




City Secretary

APPROVED:



Mayor

APPROVED AS TO FORM:



City Attorney
(Document by prior approval)



ORDINANCE NO. 2886

**AN ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS, TO
LEVY THE TAX RATE FOR THE 2006-2007 FISCAL YEAR.**

WHEREAS, assessments and renditions of all taxable property in the City of Farmers Branch have been made for the year 2006 by the Dallas Central Appraisal District; and

**WHEREAS, THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE
AND OPERATIONS THAN LAST YEAR'S TAX RATE; and**

**WHEREAS, THIS TAX RATE WILL RAISE TAXES FOR MAINTENANCE AND
OPERATIONS ON A \$100,000 RESIDENCE HOMESTEAD BY APPROXIMATELY
\$16.00.**

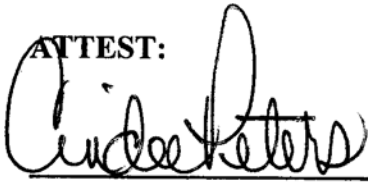
**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF
FARMERS BRANCH, TEXAS:**

SECTION 1. The tax rate to be levied for the year 2006 on all taxable property, real, personal or mixed, located within the City of Farmers Branch, be, and is hereby fixed at \$0.404071 per \$100.00 of assessed value for general fund distribution and \$0.090429 per \$100.00 of assessed value for debt service distribution, for a total of \$0.4945 per \$100.00 of assessed value.

SECTION 2. That this ordinance shall take effect from and after its passage as is provided in the City Charter.

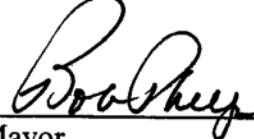
**DULY PASSED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH,
TEXAS, ON THE 18TH DAY OF SEPTEMBER 2006.**

ATTEST:



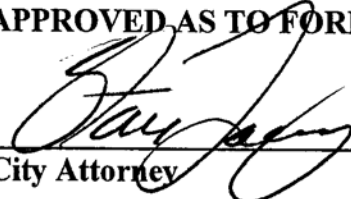
City Secretary

APPROVED:



Mayor

APPROVED AS TO FORM:



City Attorney



ORDINANCE NO. 2118

AN ORDINANCE GRANTING AN EXEMPTION TO A MARRIED OR UNMARRIED ADULT, INCLUDING ONE LIVING ALONE, FROM AD VALOREM TAXATION OF TWENTY PERCENT (20%) OF THE MARKET VALUE OF RESIDENCE HOMESTEAD, BUT NOT LESS THAN FIVE THOUSAND DOLLARS (\$5,000); GRANTING AN EXEMPTION OF \$60,000 OF THE ASSESSED VALUATION OF RESIDENCE HOMESTEADS OF PERSONS WHO ARE ON DISABILITY INSURANCE AND OF PERSONS SIXTY-FIVE (65) YEARS OF AGE OR OLDER FOR SAID YEAR; PROVIDING A SEVERABILITY CLAUSE AND DECLARING AN EMERGENCY.

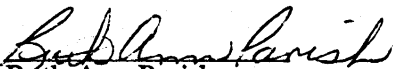
BE IT ORDAINED by the City Council of the City of Farmers Branch, Texas, that:

- Section 1. That pursuant to the Texas Constitution Article 8, Section 1-b, Subsection (e), the City Council of Farmers Branch, Texas, does hereby exempt from ad valorem taxation twenty percent (20%), but not less than five thousand dollars (\$5,000) of the market value of the residence homestead of a married or unmarried adult, including one living alone, for the tax year of 1994 and future years.
- Section 2. That pursuant to Article 8, Section 1-b, of the Texas Constitution, there is hereby granted a residence homestead exemption from ad valorem taxes to be levied of \$60,000 of the assessed valuation of residence homesteads of persons, married or unmarried, including those living alone, who are disabled for purposes of payment of disability insurance benefits under Federal Old Age, Survivors and Disability Insurance or its successors or of a married person sixty-five (65) years of age or older, including those living alone, for the tax year of 1994 and future years.
- Section 3. That pursuant to Article 8, Section 1-b, of the Texas Constitution, persons who are both sixty-five (65) years of age or older and disabled shall be entitled to only one exemption provided in Section 2 of this Ordinance.
- Section 4. Severability. If any section, sentence, phrase, word, paragraph or provision of this ordinance or the application of that section, sentence, phrase, word, paragraph or provision to any person, situation or circumstances is for any reason adjudged invalid, the adjudication shall not affect any other section, sentence, phrase, word, paragraph or provision of this ordinance or the application of any other section, sentence, phrase, word, paragraph or provision to any other person, situation or circumstances, nor shall such adjudication affect any other section, sentence, phrase, word, paragraph or provision of the Farmers Branch City Code. The City Council declares that it would have adopted the valid portions and applications of this ordinance without the invalid part, and to this end the provisions of this ordinance are declared to be severable.


Section 5. Emergency. The fact that the present ordinance and regulations of the City of Farmers Branch, Texas, are inadequate to properly safeguard the health, safety, morals, peace, and general welfare of the inhabitants of the City of Farmers Branch, Texas, creates an emergency for the immediate preservation of public business, property, health, safety, and general welfare of the public which requires that this ordinance shall become effective from and after the date of its passage it is accordingly so ordained.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, this the 23rd day of May, 1994.

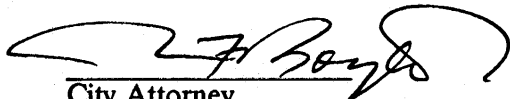
ATTEST:


Ruth Ann Parish
City Secretary

ACCEPTED:


David D. Blair
Mayor

APPROVED AS TO FORM:


City Attorney

GLOSSARY

Accounts Payable

A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).

Accounts Receivable

An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by a government.

Accrual

Basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Actual

Actual, as used in the fund summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a GAAP basis, with the exception that depreciation and amortization are not budgeted and principal payments on debt in the enterprise funds are budgeted as expenses.

Ad Valorem Tax

A tax computed from the assessed valuation of land and improvements.

Adopted

Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the budget as approved by the City Council.

Appropriation

An authorization made by the legislative body of a government that permits officials to incur obligations against and to make expenditures of governmental resources. Specific appropriations are usually made at the fund level and are granted for a one-year period.

Appropriation Ordinance

The official enactment by the legislative body establishing the legal authority for officials to obligate and expend resources.

Assessed Valuation

A government sets a valuation upon real estate or other property as a basis for levying taxes. An assessed valuation represents the appraised valuation less any exemptions.

Assets

Resources owned or held by the City, which have monetary value.

Beginning Balance

The beginning balance is the residual non-restricted funds brought forward from the previous fiscal year (ending balance).

Bond

A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are General Obligation and Revenue Bonds. These are most frequently used for construction of large capital projects, such as buildings, streets, and bridges.

Bond Proceeds

Funds received from the sale of any bond issue.

Budget

The City's financial plan for a specific fiscal year that contains both the estimated revenues to be received during the year and the proposed expenditures to be incurred to achieve stated objectives.

Budget Calendar

The schedule of key dates or milestones that City departments follow in the preparation, adoption, and administration of the budget.

Budget Message

The opening section of the budget that provides the City Council and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, as well as the views and recommendation of the City Manager.

Budgetary Basis

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that (1) encumbrances are considered to be an expenditure chargeable to appropriations; (2) no depreciation is budgeted for proprietary funds; and (3) bond principal in the enterprise funds is subject to appropriation.

Capital Outlay

Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: 1) have an estimated useful life of more than one year; 2) typically have a unit cost of \$5,000 or more; and 3) be a betterment or improvement. Replacement of a capital item is classified as a capital outlay under the same code as the original purchase. Replacement or repair parts are classified under commodities.

Capital Improvement Plan (CIP)

A capital improvements plan is a comprehensive plan which projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvements plans are essential to sound infrastructure and financial planning. The annual capital budget is derived from the long-term CIP.

Capital Project

Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as streets, bridges, drainage, street lighting, and water systems.

Capital Projects Funds

Funds used to account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund.

CDBG

Acronym for Community Development Block Grant.

Certificates of Obligation

Similar to general obligation bonds except the certificates require no voter approval.

CIP

Acronym for Capital Improvement Program, a five-year schedule of capital improvement projects. This is a flexible budget document that is used as a planning tool for needed improvements. Amounts approved in the CIP are considered guidelines and are not officially adopted as budgeted amounts until they are incorporated in the operating budget of one of the City's funds.

Commodities

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Consumer Price Index (CPI)

A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contractual Services

Includes expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services accounts.

Cost

The amount of money or other consideration exchanged for property or services. Costs may be incurred even before money is paid; that is, as soon as a liability is incurred.

CPI

An acronym for Consumer Price Index.

Current Taxes

Taxes that are levied and due within one year.

DART

Acronym for Dallas Area Rapid Transit, a mass transit authority serving the Dallas metroplex, which is funded through a 1% sales tax levied in participating cities.

DCAD

Acronym for Dallas Central Appraisal District.

Debt Service

The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Delinquent Taxes

Taxes remaining unpaid on and after the date for which a penalty for non-payment is attached.

Department

The combination of divisions of the City headed by a department head with a specific and unique set of goals and objectives (e.g., Police, Fire, Finance, Public Works, etc.).

Depreciation

The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Division

A functional unit within a department consisting of one or more cost centers engaged in activities supporting the unit's mission and objectives.

Elastic Revenues

Revenues that are highly responsive to changes in the economy or inflation, such as sales tax, permits, and fees.

EMS

An acronym for emergency medical services.

Encumbrance

Includes obligations in the form of purchase orders, contracts, or other commitments. They cease to be encumbrances when paid, canceled, or when the actual liability is established.

Ending Balance

The residual non–restricted funds that are spendable or available for appropriation at the end of the fiscal year.

Enterprise Fund

A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to insure that revenues are adequate to meet all necessary expenditures. Enterprise Funds in Farmers Branch are established for water and sewer service.

Estimated

Represents the original adopted budget plus any approved changes and anticipated year–end savings.

Expenditures

This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually incurred. This term applies to all funds.

Expenses

Charges incurred (whether paid immediately or unpaid) for operation, maintenance, interest, and other charges.

Fees

Charges for specific services.

Financial Policy

A government’s directive with respect to revenues, spending, reserves, and debt management as these relate to government services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of government budgets and its funding.

Fiscal Year

A twelve–month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Farmers Branch’s fiscal year is October 1 through September 30.

Fixed Asset

Asset of a long-term character that is intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery, and equipment.

Fixed Asset Fund

Account group used to record the purchase of a fixed asset.

Forecast

A prediction of a future outcome based on known and unknown factors.

Franchise

A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

Franchise Fee

Charged to the water and sewer utility fund, is a reimbursement to the general fund for the utility's use of City streets and rights-of-way.

Fringe Benefits

Contributions made by a government to meet commitments or obligations for employee-related expenses. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

Full-Time Equivalent (FTE)

A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.

Fund

A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance

The balance of net financial resources that are spendable or available for appropriation.

Fund Summary

A combined statement of revenues, expenditures, and changes in fund balance for the prior year's actual, adopted, and estimated budgets, and the current year's adopted budgets.

GAAP

Acronym for Generally Accepted Accounting Practices.

GAAP Adjustments

Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable when reporting on operations in conformity with Generally Accepted Accounting Principles (GAAP). For example, depreciation and amortization in Enterprise Funds are not considered expenses on the budget basis of accounting, but are considered expenses on the GAAP basis.

GASB

Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

General Fund

The General Fund accounts for many of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as fire and police protection, finance administration, park and recreation, libraries, streets, buildings, and land.

General Long-Term Debt

Represents any unmatured debt not considered to be a fund liability.

General Obligation Bonds

Bonds that finance a variety of public projects such as streets, buildings, and improvements. The repayment of these bonds is usually made from the General Fund and these bonds are backed by the full faith and credit of the issuing government.

Generally Accepted Accounting Principles (GAAP)

The uniform minimum standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provides standards by which to measure financial presentations.

GFOA

An acronym for Government Finance Officers Association of the United States and Canada.

Goal

A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Governmental Funds

Those funds through which most governmental functions are typically financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Debt Service, Special Revenue, Capital Projects).

Grant

A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., education or drug enforcement), but it is sometimes for general purposes.

ICMA

Acronym for International City Management Association.

Indirect Cost Allocation

Funding transferred to the general fund from enterprise funds for specific central administrative functions which benefit those funds (e.g., City Manager, Financial Services Department, Human Resources, Legal, etc.).

Infrastructure

The basic facilities on which a city, state, etc. depends, such as roads and bridges.

Internal Service Fund

A fund used to account for the financing of goods or services provided by one City department or cost center to another department, on a cost-reimbursement basis.

LAP

Acronym for Local Assistance Program, a grant program funded by DART for local transportation capital improvements.

Liabilities

Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date.

Line Item Budget

A budget format that summarizes the object codes of expenditures for goods and services that the City intends to purchase during the fiscal year.

Long-Term Debt

Debt with a maturity of more than one year after the date of issuance.

Modified Accrual

Basis of accounting whereby revenues are recorded when susceptible to accrual (i.e. both measurable and available). Available, in this sense, means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

Objective

Something to be accomplished in specific, well defined, and measurable terms and that is achievable within a specific time frame.

Operating Budget

The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel, and fuel.

Operating Fund

The City classifies General Fund and Enterprise Funds as operating funds.

Operating Revenue

Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance

A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

Outstanding Debt

The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Pay-as-you-go Capital Improvement Projects

Capital projects whose funding source is derived from City revenue sources other than through the sale of voter-approved bonds.

PC Replacement Program

Established to centralize the responsibility for personal computer service and maintenance of computer and printer inventories. Departments are assessed an annual fee based upon their inventory of PCs and printers in use. The charge is accumulated in the PC Replacement Fund and used to replace printers and desktop/laptop computers on a standard replacement schedule.

Performance Measures

Specific quantitative and qualitative measures of work performed as an objective of the department.

Personal Services

Include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and Workers' Compensation insurance.

PID

An acronym for Public Improvement District. The PID was established on the City's east side to provide a funding mechanism for the construction of a sewer interceptor tunnel.

Property Tax

Property taxes are levied on both real and personal property according to the property's valuation and the tax rate.

Proprietary Funds

Funds that account for government operations that are financed and operated in a manner similar to a private business.

Refunding

A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding: (1) to reduce the issuer's interest costs or (2) to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited into escrow to pay the debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the refunding bonds and the outstanding obligations being refinanced are referred to as the refunded bonds or the prior issue.

Reserve

An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

Resolution

A legislative enactment by the governing board of a municipality, which requires less legal formality and has a lower legal status than that of an ordinance.

Retained Earnings

The difference between proprietary fund assets and liabilities. The term fund balance or fund equity is used in governmental fund types.

Revenue

Funds that the government receives as income. Revenue includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, and interest income.

Revenue Bonds

Bonds usually sold for constructing a project that will produce revenue for the government. All or part of the revenue is used to pay the principal and interest of the bond.

Self Insurance

The retention by an entity of a risk of loss arising out of the ownership of property or from some other cause instead of transferring that risk through the purchase of an insurance policy.

Sinking Fund

An account into which a debt issuer makes periodic deposits to ensure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments therefrom are determined by the terms of the bond contract.

Special Assessment

A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Special Revenue Fund

Funds used to account for the accumulation and disbursement of restricted sources.

Supplies

A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations, which are not generally permanent in nature.

Tax Rate

A percentage applied to all taxable property to raise general revenue. It is derived by dividing the total tax levy by the taxable net property valuation.

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

TIF

Acronym for Tax Increment Financing, which is funded from bonds, developers' contributions and advances, and/or property tax payments to account for infrastructure construction in special districts within the City.

Transfers

Money transferred between funds (operating transfers in to one fund and operating transfers out to another fund).

TXDOT

Acronym for Texas Department of Transportation, a state government agency.

Unreserved Fund Balance

The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fee

The fee charged for services to the party or parties who directly benefits.